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Key Insights on the Draft Social Security Law Prior to Amendment

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The social security file in Jordan is undergoing a critical phase that extends beyond the boundaries of conventional legislative debate. The discussion has shifted from the level of legal provisions to a deeper level concerning the nature of the social contract between the state and society, and the ways in which economic risks are distributed across different generations. This debate emerges at a time when emerging economies are experiencing mounting pressures on social protection systems due to demographic transformations, rising life expectancy, and changing patterns of employment in the labor market. Within this context, reforming pension systems is no longer merely a technical matter related to adjusting contribution rates or eligibility conditions; it has become part of a broader discourse on the sustainability of the welfare state and its capacity to balance fiscal stability with social equity. Accordingly, the proposed amendments to the Social Security Law in Jordan carry particular significance, as they directly affect one of the public policies most closely linked to citizens' economic security and their trust in public institutions.

In this context, the draft "Amended Social Security Law" represents a multi-dimensional legislative shift. It combines the re-engineering of the internal governance of the Social Security Corporation with the expansion of insurance coverage mechanisms to include new categories-among them domestic workers and those of similar status, in accordance with regulations to be issued for this purpose. It also involves the reformulation of several procedural provisions related to work injuries, maternity, and unemployment insurance, alongside a financial sustainability component centered on recalibrating retirement conditions and entitlements, particularly with regard to the statutory retirement age and the pathways to early and mandatory retirement.

According to the officially published "justifications," the draft reflects three declared objectives: (a) expanding the scope of social protection; (b) restructuring the boards of administration, insurance, and investment, and redistributing powers in line with governance standards; and (c) strengthening financial sustainability by raising the statutory retirement age and introducing new conditions for early and mandatory retirement, while preserving the legal status of individuals who had already met eligibility criteria prior to the enactment of the amendments. This is coupled with a reconsideration of low pension benefits and disability pensions (those below 200 Jordanian dinars).



In light of this, the present paper seeks to analyze the proposed amendments to the Social Security Law within a broader framework that transcends a narrow technical approach, by linking them to the economic, social, and political context in which the debate is taking place.

It thus becomes necessary to examine the proposed amendments within a wider analytical framework that takes into account the historical evolution of the social security system in Jordan, as well as the manner in which its legislative and institutional philosophy has developed over past decades. Understanding the nature of the current amendments remains incomplete without tracing the historical trajectory of the system's development and the transformations that have affected its objectives and functions since its establishment in the late 1970s. From this perspective, analyzing the historical background of the social security system becomes essential as an entry point for understanding the logic underpinning current reforms and for assessing the extent to which they align with the institutional path within which the system has evolved.

The Political and Social Context of the Social Security Law Amendments

The social security system in Jordan has recently witnessed an intensifying debate over its future and financial sustainability, amid the economic and demographic transformations affecting Jordanian society. The government has proposed a set of amendments to the Social Security Law based on an actuarial study indicating that some of the system's funds and portfolios are approaching a break-even point between revenues and expenditures in the medium term. However, these amendments quickly sparked widespread public and political controversy, prompting a reconsideration of their trajectory following a series of public discussions and consultative meetings with various political and parliamentary actors. This debate reflects the sensitivity of the social security file as one of the most impactful public policies in citizens' lives, given its direct connection to their economic and security prospects in the post-employment phase.

Amid this debate, the issue of trust has emerged as a central axis in evaluating the proposed reforms. Public deliberations have shown that a significant portion of societal concern is not only linked to the details of the legal amendments, but also to the level of trust in the pension system



itself and its ability to meet future obligations. This dimension carries particular importance, as a wide segment of Jordanians has based its economic decisions and life plans on specific expectations regarding the level of retirement income provided by the system. Consequently, any modification to the system's rules or to the mechanisms for calculating pension benefits directly affects citizens' perceptions of future economic security and influences the overall level of trust in the institutions responsible for managing the system. From this perspective, the debate over the proposed amendments is no longer viewed as a technical reform confined to the social security sector, but rather as an issue intersecting with broader considerations related to social stability, intergenerational equity, and the nature of state–society relations.

At the level of legal substance, some of the proposed amendments have generated considerable controversy due to their focus on measures aimed at restricting early retirement and increasing the cost associated with participation in the system, without being accompanied by parallel labor market policies or programs designed to reintegrate older workers into economic activity.

Moreover, the manner in which the amendments were introduced relied on opening specific provisions for discussion while treating others as non-negotiable, a practice that contradicts the integrated nature of social security legislation, which is designed to be read and implemented as a coherent whole. This approach has limited the ability of legislative institutions and social actors to engage in a comprehensive discussion of the system, contributing to a growing sense of inequity among certain groups, particularly youth, women, and workers in vulnerable sectors.

At the level of managing the legislative process, questions have been raised regarding the adequacy of the institutional pathway followed in building a national consensus around the reform. The draft law was introduced within a relatively compressed timeframe, creating the impression that the reform process was driven more by procedural considerations than by a logic of gradual political sequencing and societal participation typically required for major social policy reforms. This context has weakened the prospects for achieving broad consensus on the substance of the amendments and has widened the gap between what the government considers a financial necessity and what society perceives as acceptable in terms of the social costs of reform.



Conversely, the issue of governance and investment management has emerged as a critical factor in the system's future, despite receiving insufficient attention in the public debate. International experiences in managing social security systems indicate that sustainability depends not only on adjusting eligibility conditions or contribution rates, but also on the efficiency of investment management, the transparency of financial decision-making, and the independence of governing boards from short-term political interference. When this dimension is absent from the reform discourse, it may create the perception among the public that the proposed amendments demand sacrifices from contributors without being accompanied by parallel institutional reforms that enhance the efficiency of resource management.

The Historical Background of the Social Security System in Jordan

The social security system constitutes one of the core institutional pillars of the welfare state in Jordan, as it defines the framework governing the relationship between the labor market and the social protection system. Its significance stems from its ability to strike a delicate balance between the rights of insured individuals on the one hand and the financial and actuarial sustainability requirements of the insurance system on the other. The establishment of this system came in response to cumulative economic and social transformations, beginning with the royal directive issued in 1977 and subsequently translated into legislation through the enactment of Social Security Law No. (30) of 1978, which laid the institutional foundation for the country's first comprehensive social insurance system. Since then, the system has evolved as an open-ended, cumulative legislative process, reflecting structural changes in the national economy, the expansion of the labor force base, and demographic shifts associated with rising life expectancy and changing employment patterns.

Within this context, the system's development can be understood through a series of successive phases that reflect a logic of institutional adaptation to economic and social changes. The foundational phase in 1978 was characterized by the establishment of the legal and regulatory framework, including the definition of contribution and entitlement rules. The period between 1981 and 1995 witnessed a gradual expansion in coverage to include new categories of workers,

aimed at broadening the contributor base and enhancing the system's financial stability. With the beginning of the new millennium, the system entered a phase of actuarial reform and expansion of insurance programs between 2001 and 2010, during which amendments were introduced to improve the balance between long-term obligations and funding sources. This was followed by a phase of structural adjustment and comprehensive institutional reform between 2011 and 2014, focusing on strengthening governance and reorganizing certain aspects of management and investment. Since 2014, the system has moved toward a pattern of periodic review and adaptive reform, with amendments being introduced as a continuous response to demographic and economic pressures, as well as to the challenges associated with the sustainability of pension systems in emerging economies.

Comparative Matrix of the Evolution of the Social Security Law in Jordan (1978–2014 and Beyond)¹

Strategic Impact	2014 Law (Permanent Framework)	2009–2010 Amendments (Actuarial Reform)	2001 Temporary Law (Shift Toward Sustainability)	1978 Founding Law	Main Domain
Transition from system establishment to sustainability and then to institutional modernization	Reconstruction of the system within a permanent and sustainable framework	Addressing actuarial risks and enhancing sustainability	Controlling expansion and achieving financial balance	Establishment of a national social protection system	Primary Objective
Gradual expansion toward universal coverage	Coverage of all workers without discrimination based on nationality	Completion of coverage for small establishments and new military personnel	Gradual inclusion of all workers regardless of establishment size	Large establishments (50 workers and above)	Scope of Coverage
Unification of the social protection system	Inclusion of wage earners, self-employed individuals, and nationals working abroad	Inclusion of military personnel, small establishments, and employers	Expanded to cover most workers	Organized private sector only	Covered Categories

¹ Based on a Special Paper Submitted by Dr. Khaled Al-Kalaldeh to the Politics and Society Institute on April 6, 2026



Progressive expansion of social protection	Consolidation of all insurance branches within a single legal framework	Introduction of maternity and unemployment insurance	Old-age, disability, death, and work injury insurance	Nine insurance schemes (only four effectively implemented)	Number of Insurance Schemes
Enhancement of fairness and stability in benefit calculations	Permanent codification of the calculation formula within the law	Establishment of the average of the last 60 contributions as the calculation basis	(Number of contribution years ÷ 40) × average of the last 60 contributions	Unclear and limited in application	Pension Calculation Method
Reduction of manipulation and improvement of equity	Reaffirmation of the same calculation basis	Adoption of the average of the last 60 contributions instead of the last two years	Average of the last 60 contributions	Not clearly defined	Applicable Average Wage
Stabilization of the core retirement framework	Same retirement age	Same retirement age	Same retirement age	60 for men, 55 for women	Statutory Retirement Age
Reduction of financial pressure on the system	More stringent regulation of early retirement	Gradual tightening of early retirement conditions and reduction of its benefits	Age 45 for men and 40 for women, subject to specific contribution conditions	Available under relatively lenient conditions	Early Retirement
Containment of large-scale financial liabilities	Continuation of the wage ceiling application	Introduction of a ceiling (approximately 3,000 dinars) linked to inflation	Not clearly defined	Not specified	Ceiling of Insurable Earnings
Protection of retirees' purchasing power	Institutionalization of partial indexation mechanisms	Introduction of partial indexation to inflation	Optional adjustment by government decision	Not in place	Indexation of Pensions to Inflation
Strengthening protection against unemployment	Became a core component of the system	Introduced and activated	Not activated	Present only in theory	Unemployment Insurance



Support for women's participation in the labor market	Became a core component of the system	Introduced and activated	Not implemented	Not implemented	Maternity Insurance
A long-term strategic objective	Formally established as a primary insurance branch under Article (3), though its implementation remains contingent on the issuance of independent implementing regulations	Remained part of the legal framework without implementation	Remained stipulated without practical application	Included in the legally stipulated insurance schemes, but not applied in practice	Health Insurance
Enhancement of governance and financial sustainability	Establishment of the Social Security Investment Fund	Creation of an institutional investment framework	Strengthening the institution's powers	Direct management by the institution	Fund Management and Investment
Strengthening transparency and institutional independence	Comprehensive restructuring of governance and separation of investment from insurance functions	Strengthening financial oversight	Gradual development	Basic administrative framework	Institutional Governance
Advancement of insurance equity	Explicit legal provision prohibiting discrimination based on nationality	Continued practical expansion of coverage	Effective coverage, though not explicitly codified	Not clearly defined in legal terms	Coverage of non-Jordanians

Transformations in the Philosophy of Social Security and Structural Challenges

The legislative philosophy underpinning the establishment of the social security system in Jordan was grounded in the logic of social protection as an integral component of the institutional structure of the modern state. The system was not designed as a mechanism for delivering social assistance or grants, but rather as an insurance-based framework built on the pooling and



distribution of risks over time, ensuring a reasonable level of economic security for individuals during periods of vulnerability associated with old age, unemployment, or disability. This approach positioned social security from the outset within an institutional framework that balances social considerations with financial imperatives, relying on the principles of social insurance rather than direct welfare provision.

However, the evolution of social and economic policies over subsequent decades introduced gradual modifications to the system's function, contributing to a blurring of its conceptual boundaries. Some associated policies began to approximate a broader "social solidarity" model, leading to an unstructured expansion in expectations regarding the role that social security should play. At certain stages, successive governments treated the system as a social support instrument that could be utilized to address immediate economic or social imbalances, rather than preserving its nature as an actuarially grounded insurance system. While this gradual shift did not eliminate the system's institutional foundation, it contributed to the erosion of the boundaries between the function of social insurance and the broader functions of social policy.

Despite these transformations, the system has retained a degree of institutional strength, particularly in terms of its financial design and its capacity for asset accumulation. Over past decades, it has succeeded in building a significant financial base, reaching approximately ten billion Jordanian dinars, reflecting its relative success in managing contributions and generating reasonable investment returns. However, the scale of these assets does not negate the structural challenges facing the system; rather, it underscores the importance of managing them efficiently to ensure their capacity to finance future obligations.

This challenge becomes particularly significant given the composite nature of the insurance system, which integrates multiple insurance programs within a single framework. In addition to old-age and retirement insurance, the system includes work injury insurance, early retirement programs, mechanisms for health protection, and unemployment insurance. While this diversity enhances the system's capacity to cover a wide range of social risks, it simultaneously generates substantial financial and administrative complexities. Certain components-particularly health



insurance-impose increasing financial burdens on public finances and the broader economy, raising questions about the feasibility of maintaining their integration within the same system without developing a separate institutional framework for their management.

These complexities are further intensified in the case of unemployment insurance, which represents one of the most financially sensitive components of the system. The design of such insurance requires a delicate balance between providing a safety net for job seekers and preventing it from becoming a sustained financial burden or an indirect incentive to exit the labor market. For this reason, managing unemployment insurance constitutes one of the most complex aspects of modern social protection systems, requiring precise monitoring mechanisms and complementary employment policies.

Yet, the most critical challenge remains linked to the long-term horizon of the pension system. Demographic projections indicate a potential doubling of the number of retirees by 2050, driven by changes in the population's age structure and rising life expectancy. This shift implies a substantial increase in the system's future liabilities, necessitating the development of more advanced investment strategies capable of generating the returns required to maintain financial sustainability.

Social Security as a Strategic National Issue

Jordan is undergoing a pivotal phase in the development of its social security system, particularly following a series of amendments to the law in 2015, 2016, and 2021. These successive changes reflect repeated attempts to adapt to economic and demographic pressures; however, they also raise questions regarding the coherence of the reform trajectory with a long-term strategic vision. Within this context, calls have emerged for adopting a different approach at the current stage-one that focuses on addressing the system's structural imbalances rather than relying on fragmented, incremental adjustments.

Some of the previous amendments have been criticized for not being sufficiently grounded in comprehensive actuarial studies, creating the impression that their motivations were more



political than technical. By their nature, social security systems rely on precise financial equilibria extending over decades, making any adjustment to their core parameters-such as retirement age, contribution rates, or eligibility conditions-a strategic decision that should be based on clear actuarial models and multiple future scenarios. Without such an analytical foundation, legislative amendments risk becoming short-term measures that fail to address the system's structural challenges.

In this regard, it has been emphasized that the Social Security Law does not merely represent a regulatory framework for the labor market, but rather constitutes one of the fundamental pillars of social and economic stability. As such, dealing with it requires a high degree of national responsibility, removed from short-term political calculations. The challenges facing the system-whether related to the growing number of retirees or to transformations in the labor market-point to a structural crisis that necessitates clear decisions grounded in a long-term strategic vision.

Questions have also been raised regarding reform priorities, particularly whether the focus should be placed on adjusting quantitative parameters-such as retirement age or years of contribution-or on preserving the system's social stability and strengthening public trust in it. The balance between financial sustainability and societal acceptance remains one of the most complex aspects of social security reform, as measures that generate short-term financial savings may encounter implementation difficulties if they do not secure sufficient social consensus.

In conclusion, additional issues have been highlighted concerning the system's investment strategy, particularly the question of whether external investment should be expanded or constrained. Limited media coverage of the ongoing debate has also been noted, as it may weaken public awareness of the challenges facing the system. Furthermore, questions have been raised regarding the continued exclusion of certain groups from social security coverage, and whether there are objective justifications for this in light of the need to expand insurance inclusion.

Accordingly, there have been calls for future reforms to be comprehensive across all groups and sectors, thereby enhancing equity in the distribution of benefits and costs while ensuring the system's sustainability. The core challenge lies not merely in amending specific legal provisions, but in constructing an integrated reform framework that restores the balance between financial sustainability and the role of social security as a mechanism of protection and stability within Jordanian society.

Mapping the Amendments in the 2026 Draft Law: A Comparative Legal Analysis of the Revised Provisions

A close and integrated reading of the explanatory memorandum alongside the structure of the published provisions allows the proposed amendments to be classified into interconnected functional packages:

- **Governance and Administrative Structure Package:** This involves redefining the leadership structure through the introduction of the "Governor," amending the composition and powers of the Board of Directors, and recalibrating the relationship between the Board and the specialized councils, in a manner that directly affects the system of insurance and investment decision-making.
- **Coverage Expansion Package:** This includes granting the Corporation clearer authority to extend coverage to new categories, expanding and defining voluntary affiliation, and redesigning certain mechanisms for the inclusion of establishments within the system.
- **Work Injury, Maternity, and Unemployment Package:** This entails procedural amendments related to notifications, costs, eligibility conditions, and the rules governing the combination of benefits, with the stated aim-according to the explanatory memorandum-of addressing imbalances that have emerged during implementation.
- **Retirement and Sustainability Package:** This involves redefining the "statutory age" and linking it to mandatory retirement, regulating the conditions of early and compulsory retirement along with their transitional criteria, in parallel with an official discourse that frames these amendments as extending the system's financial "break-even horizon."

From the perspective of legislative policy, the draft law combines conceptual amendments (definitions and governance), entitlement-related amendments (age, contributions, eligibility conditions), and procedural amendments (notification, seizure, set-off, proof). This requires that the provisions be read as part of an interconnected network of cross-references rather than as isolated clauses.

In light of this general classification of the proposed amendment packages, it becomes necessary to move from a structural reading of the draft to a detailed examination of its legal substance. Understanding the real impact of these amendments cannot be achieved solely through outlining their stated objectives or institutional design; it requires a close analysis of the legal texts themselves and a comparison with the previous version of the law. Hence, the importance of conducting a comparative legal reading of the amended provisions becomes evident, as it allows for identifying the nature of the legislative transformation that the draft seeks to introduce into the social security system, particularly with regard to institutional governance and retirement eligibility conditions.

1. Terminology and Governance Package

Article (2) of the Original Law – Terminology (Amendment to the Definitions Clause)

Legal Change / Impact	After	Before
The shift in leadership from a “Minister/Director General” model to a “Governor/Deputies” model redistributes political and administrative responsibility, affecting the interpretation of all provisions that previously linked authority—such as signing powers, recommendations, or accountability—to the Director General.	The previous definition of “Chairman of the Board” is abolished and restructured so that the Chairman becomes the “Governor,” alongside the introduction of the definitions of “Governor,” “Deputy Governor for Insurance,” and “Deputy Governor for Investment.”	The definition of “Chairman of the Board” is linked to the Minister of Labor, and the definition of “Director General” exists as the head of the traditional executive administration.
This transition raises an institutional design question: whether the new structure will rely solely on an Investment Council or involve a broader reengineering of the fund’s functions through alternative mechanisms, which will require further clarification in subsequent regulations and instructions.	Definitions related to the Investment Fund and its head are removed from the definitions section.	Definitions related to the Investment Fund and its head are included.
The conceptual change affects terminological consistency across provisions related to old-age and early retirement, necessitating a comprehensive review of cross-referenced	The definition of “pension” is reformulated to focus on the “mandatory retirement pension,” with the “statutory retirement age” introduced as a reference point.	The definition of “pension” encompasses old-age and mandatory retirement pensions.



articles within the law and its implementing regulations.		
The expanded and simplified definition may increase the scope of administrative discretion in determining family status and dependency within secondary legislation.	The definition of “dependents” is revised to refer to the family members of the pension recipient who are supported by them in accordance with the provisions of the law.	The definition of “dependents” is tied to specific ratios and detailed reference provisions.

Article (9) of the Original Law – Composition of the Board of Directors

Legal Change / Impact	After	Before
Strengthening the weight of “experts” relative to social representation redefines the balance of interests within the Board, influencing the perceived legitimacy of decisions among social partners and shaping the pattern of internal oversight.	The Board of Directors is chaired by the Governor, with a restructured composition: one representative of the armed forces/security agencies, one representative of professional associations, two representatives of workers, two representatives of employers, and six experts appointed by the Council of Ministers based on the Governor’s recommendation.	The chairmanship of the Board of Directors follows a previous structure linked to outdated definitions, with broader numerical representation for workers and employers.
The technical adjustment is intended to prevent legislative ambiguity following the restructuring of provisions, yet it requires careful review to avoid inconsistencies in cross-references across other articles.	Cross-referencing within the legal provisions is reorganized and renumbered (e.g., from (1) to (4), etc.).	Provisions rely on legacy cross-referencing mechanisms within the legal text.
The administrative impact is significant, as it institutionalizes the framework for documenting decisions and procedures, thereby reducing the risk of procedural challenges related to Board records and notifications.	A new provision is introduced to regulate the Secretariat of the Board, including its functions and remuneration.	There is no detailed institutional framework governing the Secretariat of the Board.

Article (11) of the Original Law – Powers of the Board (Repeal and Replacement)

Legal Change / Impact	After	Before
The Board’s powers are clearly expanded in terms of institutional planning,	A new provision consolidates the Board’s authority over general insurance and	The Board’s powers include insurance and investment policies, with detailed provisions

<p>governance, and delegation, alongside the introduction of conflict-of-interest constraints through the prohibition of dual memberships. This shift may enhance functional separation and improve decision quality, yet it necessitates a precise definition of the relationship between the Board, the Deputy Governors, and the specialized councils to ensure coherence in authority and accountability.</p>	<p>investment policies, including the approval of strategic plans, the organizational structure, the budget, the annual report, governance frameworks, delegation arrangements, auditing processes, and actuarial expertise. It also introduces a prohibition on holding simultaneous membership in the Board and in the Insurance or Investment Councils.</p>	<p>linked to the structure of the Investment Fund and its previous governance framework.</p>
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Article (12) of the Original Law – Executive Management (Repeal and Replacement)

Legal Change / Impact	After	Before
<p>The shift to a “Governor” model positioned closer to the political-constitutional hierarchy elevates the level of formal accountability, redefines the institution’s relationship with both the executive and legislative branches, and increases the requirements for periodic transparency. At the same time, it raises important questions regarding the actual scope of operational independence.</p>	<p>Creation of the position of “Governor” at the rank of Minister for a five-year term, with appointment and resignation procedures subject to royal approval, alongside the establishment of two Deputy Governor positions. The provision also details the Governor’s responsibilities, including the obligation to submit semi-annual reports to the Council of Ministers and to both chambers of Parliament.</p>	<p>Appointment of a Director General, with clearly defined remuneration and day-to-day administrative powers.</p>

2. Coverage and Voluntary Enrollment Package

Article (4) of the Original Law – Covered Categories (Amendment to a Provision and Repeal/Replacement of a Paragraph)

Legal Change / Impact	After	Before
<p>The authority over coverage is expanded from a time-bound government decision to a more flexible institutional decision, with greater reliance on implementing instructions. This</p>	<p>The time restriction is removed, and paragraph (c) is replaced with a provision granting the Board-based on the Governor’s recommendation-the authority to extend coverage to new</p>	<p>Coverage for self-employed individuals and employers was conditional upon a time-bound decision by the Council of Ministers (dated 1/1/2015).</p>

<p>shift enhances scalability and adaptability, but increases the risk of uneven application if the instructions are not formulated within a clear rights-based framework.</p>	<p>categories, including domestic workers, with implementation details to be regulated through instructions.</p>	
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Article (7) of the Original Law – Voluntary Enrollment (Substantive Amendment)

Legal Change / Impact	After	Before
<p>A dual effect emerges: expanded access to voluntary coverage, alongside stricter enforcement of the statutory age condition, which prevents late entry aimed at securing eligibility. This strengthens the system’s financial balance, while potentially narrowing options for individuals approaching the statutory retirement threshold.</p>	<p>Paragraph (a) is restructured to expand eligible categories and to redefine the purpose as enrollment in insurance covering mandatory retirement, early retirement, disability, and death, subject to conditions including that the applicant has not reached the statutory retirement age at the time of first enrollment.</p>	<p>Voluntary enrollment is linked to earlier insurance concepts (such as old-age coverage) and governed by existing age-based and category-based eligibility conditions.</p>

Article (92) of the Original Law – Coverage of Uninsured Workers / Effect of Notification (Amendment + Addition of a Transitional Provision for Establishments)

Legal Change / Impact	After	Before
<p>The amendment aligns the calculation period with the actual service trajectory preceding termination, while opening a transitional compliance window for establishments to regularize their status within a defined timeframe. This carries both financial and collection-related implications and requires careful administrative oversight to prevent misuse.</p>	<p>The wording is revised to redefine the reference period from a generic “two years” to “the two years preceding the date of termination of service.” An additional provision allows establishments to be covered from the date of their application for coverage, provided that the application is submitted before a specified deadline (indicated in the draft as 1/1/2027)</p>	<p>The ceiling for recalculating entitlements in a provision under paragraph (a) is linked to a specified time period.</p>

3. Retirement and Sustainability Axis

Article (62) of the Original Law – Entitlement to Mandatory Retirement Pension and Its Calculation (Repeal and Replacement)

Legal Change / Impact	After	Before
The amendment shifts the threshold at which contributors transition into mandatory retirement, moving the system from a fixed age rule to a gradual pathway. This adjustment helps ease pressure on the fund over the medium term, but creates a strong need for precise transitional provisions to protect the legitimate expectations of contributors nearing eligibility. It also has direct implications for labor market planning, particularly with respect to older age groups.	Eligibility for the “mandatory retirement pension” is established with the baseline retirement age maintained at 60 for men and 55 for women, followed by a gradual increase starting from 1/1/2030 through an annual mechanism (six months per year until reaching 65 for men and 60 for women). This is accompanied by a parallel gradual increase in the required number of contributions (from 180 to 240 through annual increments), along with the renaming of benefits and alignment of the calculation formula with the concept of mandatory retirement.	Eligibility for old-age retirement is based on traditional age thresholds (60 for men and 55 for women) and a required number of insurance contributions (180, including 84 actual contributions), with a benefit calculation formula of 2.5% for the first 1,500 units and 2% for amounts exceeding that, along with dependency allowances and criteria regulating the calculation of the average wage.

Article (64) of the Original Law – Early Retirement Pension, Its Conditions, and Its Calculation (Repeal and Replacement)

Legal Change / Impact	After	Before
Early retirement is linked to a lower age threshold and fewer contribution requirements than mandatory retirement, with benefit reductions applied (as per Table No. 5), along with conditions governing re-employment and the combination of wages and pension benefits.	The principle of early retirement is retained, subject to a minimum age threshold (50 years in the presented text), alongside a gradual increase in contribution requirements for both men and women up to a higher ceiling by 1/1/2030. The document reflects two alternative formulations-one indicating an annual increment of six units and another of three-suggesting an ongoing internal revision process.	Tightening access to early retirement by increasing contribution and age requirements is expected to reduce uptake and lower its long-term cost. However, it necessitates precise regulation of what constitutes “effective contributions,” clear delineation of hazardous occupations, and well-defined rules governing re-employment and the combination of wages and pension benefits. Additionally, the presence of multiple formulations within the committee text underscores the need to finalize a single authority.

4. General Provisions and Pensions Package

Article (90) of the Original Law – Indexation of Pensions to Inflation/Growth (Amendment)

Legal Change / Impact	After	Before
Periodic increases are linked to inflation or average wage growth (whichever is lower), within a defined cap.	A new provision grants the retiree a specified share of the increase (50%), and replaces the age condition from (60/55) with the “statutory retirement age.”	The amendment redistributes the impact of annual increases across different categories of retirees and ties eligibility for such increases to the evolving concept of the statutory retirement age. This may expand or narrow the pool of beneficiaries depending on the trajectory of raising the retirement age, and therefore requires careful actuarial assessment to estimate its financial implications.

Article (93) of the Original Law – Garnishment of Pensions / Set-off (Repeal and Replacement)

Legal Change / Impact	After	Before
Seizure is restricted by defined frameworks and capped at specific percentage limits.	The provision is reformulated to establish the priority of alimony claims and to introduce a set-off mechanism allowing the institution to offset amounts owed against entitlements due to the insured individual.	The provision seeks to balance the protection of retirees’ income with private obligations (such as alimony) and the institution’s rights. However, it requires detailed implementation standards to ensure that the adequacy of pension benefits as a social protection measure is not undermined.

Legal and Practical Implications and Implementation Questions

At the legal level, the proposed amendments generate two interrelated effects: a conceptual/structural effect, whereby the law shifts toward a new terminology centered on “mandatory retirement,” “statutory age,” and the “Governor”; and a transitional effect linked to phased implementation, including specified dates such as 1/1/2027 for certain regulatory windows and 1/1/2030 for gradual adjustment pathways.

In practical terms, the impact extends across six principal domains:

1. **Eligibility and Entitlement:** Any redefinition of the statutory age or the minimum contribution thresholds immediately reshapes the “entitlement map” across different age cohorts. This, in turn, prompts individuals and establishments to redesign employment and exit strategies, and may increase demand for alternative pathways (such as unemployment, disability, or hazardous occupations) unless legislative and procedural safeguards effectively close avenues for circumvention.
2. **Benefit Calculation:** Amendments to calculation formulas or adjustments to the average wage directly affect pension values. These changes intersect with early retirement reduction rates and annexed schedules, requiring legislative consistency between the law and its implementing regulations and tables.
3. **Contributions and Collections:** Expanding coverage and restructuring voluntary enrollment increase the need for stronger collection and compliance mechanisms, as well as policies to curb evasion and manipulation of the contributory wage base.
4. **Governance and Accountability:** The introduction of the Governor and deputies, amendments to the Board of Directors, and the requirement for periodic reporting establish a more structured accountability framework. This development, however, necessitates safeguarding operational independence from short-term interventions, particularly in the investment domain.
5. **Intergenerational Equity:** Raising the statutory age and restricting early retirement effectively shifts part of the demographic and economic adjustment costs onto individuals through delayed exit from the labor market. This dynamic calls for active labor market and employment policies targeting older age groups to prevent delayed retirement from translating into disguised unemployment.
6. **Disputes and Implementation:** Revisions to provisions governing garnishment, set-off, deadlines, and notifications are likely to affect the volume and nature of disputes and claims. This requires the establishment of unified internal standards and clear grievance procedures to ensure consistent application.

Key Ambiguities and Implementation Questions Requiring Legislative Clarification

The main areas of ambiguity that warrant clarification-either through legislative text, transitional provisions, or implementing regulations-can be summarized as follows:

1. **Definition and Application of the “Statutory Age”:** How the statutory age will be defined and applied once it becomes subject to gradual increases over time, and how individuals who are close to eligibility at the time the law enters into force will be treated.

2. **Final Determination of the Gradual Increase Pathway:** Whether the incremental adjustment will follow a three-month or six-month progression, and under which binding legal text, in order to avoid multiple interpretations-particularly given that official discourse has indicated the introduction of amendments to the draft.
3. **Scope of Regulatory Authority in Expanding Coverage:** The limits of the authority granted through instructions to include new categories, and the legal and financial criteria that will govern such instructions to prevent unequal treatment across groups.
4. **Consistency Between the Removal of the “Investment Fund” Definition and the Continuity of Investment Functions:** Whether the fund will be restructured through alternative legal provisions or functionally integrated within the broader institutional framework.

Summary Table of the Most Impactful Amendments

Effective Date / Implementation Phase According to Published Texts	Summary of the Proposed Amendment	Subject	Article (in the Original Law)
Within 30 days of the law’s publication (if enacted)	Introduction of the “Governor/Deputy Governors,” revision of definitions related to retirement and dependency, and removal of definitions associated with the Investment Fund	Definitions	2
Within 30 days of the law’s publication	Expansion of coverage through instructions based on the Governor’s recommendation and removal of outdated time restrictions	Coverage	4
Within 30 days of the law’s publication	Expansion of eligible categories and their re-linkage to mandatory and early retirement, with a prohibition on enrollment after reaching the statutory retirement age	Voluntary Enrollment	7
Within 30 days of the law’s publication	Restructuring of the Board of Directors and its powers, replacement of the Director General with the Governor, and introduction of a semi-annual reporting system	Governance	9/11/12
References appeared to 1/1/2030 in circulated drafts, alongside an official announcement adjusting the pace of the increase	Gradual increase in the statutory retirement age and contribution requirements through a transitional pathway (with varying dates and mechanisms reflected in official and committee texts)	Mandatory Retirement / Statutory Retirement Age	62
Transitional references extending until 1/1/2030 appeared in committee drafts	Tightening of early retirement eligibility through gradual increases in age and contribution thresholds	Early Retirement	64

Within 30 days of the law's publication	Modification of the mechanism for granting annual increases and linking eligibility to the statutory retirement age	Annual Increase	90
Within 30 days of the law's publication	Reorganization of seizure rules in favor of alimony and the institution, and introduction of set-off mechanisms	Seizure / Set-off	93

Strategic Drivers for Addressing the Crisis Structurally

It is evident from the ongoing debate surrounding the Social Security Law that most deliberations have focused on a set of important technical issues, such as the break-even points between revenues and expenditures, the balance between mandatory and voluntary contributions, the performance of the investment fund in Jordan, as well as the relationship between social security investments and government bonds, and the balance between domestic investment and a cautious approach to external investment. Discussions have also addressed issues of insurance coverage, including local and migrant labor, the informal economy, and ongoing transformations in the labor market. Despite the importance of these matters, some analyses view them as part of the system's technical dimension, whereas addressing the crisis requires identifying strategic inflection points capable of reshaping the structural framework of social security.

A strategic approach begins with redefining the position of social security within the national structure. Social security is not merely a financial fund or an institution that manages workers' contributions; rather, it constitutes a central pillar of the social contract between the state and society in Jordan. The level of public trust in this institution largely reflects trust in the state itself, given that it manages citizens' savings and provides a safety net during periods of economic vulnerability or retirement. From this perspective, social security becomes an integral component of national social security, as it is closely linked to long-term societal stability and reflects the balance in the relationship between government, employers, and workers. Accordingly, maintaining the credibility of this institution is no less important than ensuring its financial sustainability.

Within this context, an important institutional question arises regarding the nature of the knowledge infrastructure within the system. Public debate has relied heavily on an actuarial

study prepared by an international consulting firm, which underscores the importance of technical analysis in managing pension systems. However, a critical question concerns the extent to which the institution itself possesses sustained in-house analytical capacity. An institution of the scale of the Social Security Corporation-managing assets worth billions of dinars and approaching half a century of institutional experience-is expected to maintain an advanced internal center for actuarial and economic studies. Such a center would include specialized teams in labor market analysis, actuarial modeling, legislative policy, economic research, and institutional governance. The existence of this type of internal research infrastructure represents a minimum requirement to ensure analytical independence and evidence-based decision-making, rather than reliance solely on external consultancy.

From a governance perspective, the government's move toward strengthening the institutional independence of social security is regarded as a significant development, particularly through positioning the institute closer to models characterized by institutional autonomy, similar to monetary authorities. However, formal independence alone is insufficient to ensure institutional effectiveness. Effective governance requires a broader framework of safeguards, including clear criteria for leadership selection, robust financial oversight mechanisms, advanced transparency systems in investment management, and the promotion of a culture of professional competence within the institution. An entity responsible for managing social wealth of this magnitude must operate at the highest levels of administrative and financial efficiency to sustain public trust.

In the political dimension, the role of the legislative authority emerges as a critical juncture in the reform trajectory. Presenting the amendments before the National Assembly places the parliamentary institution-both the House of Representatives and the Senate-before a genuine test of its capacity to manage major economic files. At the same time, this issue places political parties, particularly those with parliamentary representation, under significant pressure to balance the requirements of financial reform with the expectations of their social constituencies. The matter at hand therefore extends beyond a mere legal amendment; it directly affects the interests of broad segments of society, making it a key test of the maturity of the political system and its ability to generate consensus-based solutions.

In this context, the core challenge lies not in addressing isolated technical imbalances within the system, but in adopting a comprehensive reform approach that redefines the role of social security within a broader national framework. Genuine reform requires the integration of financial sustainability, strong institutional governance, and the system's social legitimacy. When these elements are aligned, social security can continue to function as one of the principal pillars of economic and social stability in Jordan, rather than merely a financial fund seeking to balance revenues and expenditures.

Insurance Coverage and the Informal Economy

Some experts argue that any serious discussion on reforming the Social Security Law must begin by addressing three structural issues related to the system's coverage and its ability to adapt to the transformations taking place in Jordan's labor market. Foremost among these is the expansion of insurance coverage, particularly in sectors that remain outside the scope of social security or exhibit low levels of compliance. Certain economic activities—such as the transport sector—continue to include high proportions of uninsured workers, which limits the system's ability to broaden its contributor base and weakens its long-term financing capacity.

From this perspective, the informal economy emerges as a central strategic challenge facing the social protection system. The persistence of a large segment of workers outside any insurance framework not only deprives them of social protection, but also directly affects the system's financial balance by narrowing the contribution base upon which future obligations depend. Consequently, integrating these groups into the social security system is no longer a deferrable policy option; it constitutes a structural necessity tied to the system's sustainability and its capacity to fulfill its social function.

In a related context, the issue of migrant labor introduces an additional layer of complexity regarding the modalities of integration into the insurance system. Estimates indicate that the number of migrant workers in Jordan approaches 1.5 million, while only around 15 percent are enrolled in social security. This disparity reflects a clear imbalance in coverage levels and points

to a structural gap between the actual participation of this group in the labor market and its degree of inclusion within the social protection framework.

Accordingly, policy proposals have emerged advocating the consideration of alternative institutional models to address this issue, including the establishment of a dedicated insurance fund for migrant workers. This proposal is grounded in the recognition that the nature of migrant labor-characterized by high mobility and variable durations of participation in the local labor market-may render full integration into the general fund less actuarially efficient. A separate fund could enable the design of more flexible contribution and entitlement mechanisms tailored to the specific characteristics of this group, while simultaneously safeguarding the financial equilibrium of the general pension system.

In sum, this perspective underscores that the future of social security is not confined to adjusting eligibility conditions or retirement age. It also requires a fundamental reassessment of the system's coverage boundaries. The broader the contributor base and the smaller the informal economy, the greater the system's capacity to achieve financial sustainability and reinforce its role as a central pillar of social protection.

Insurance Sustainability and the Labor Market

The dependency ratio represents one of the most significant quantitative indicators for assessing the sustainability of pension systems. In Jordan, the ratio of approximately four contributors to one retiree reflects mounting pressures on the fund. While this ratio remains within relatively acceptable limits compared to some international experiences, it signals an upward trend in the number of beneficiaries relative to contributors, indicating the early stages of a gradual transition toward a more actuarially sensitive phase. With the number of retirees reaching around 180,000, the system's long-term obligations continue to grow, necessitating a reassessment of its ability to sustain its current trajectory without introducing structural adjustments to reinforce its financial balance.



The importance of this indicator lies not only in its reflection of the current situation but also in its projection of a potential future path shaped by demographic and labor market dynamics. As life expectancy increases and the growth of formal employment opportunities slows, this ratio may deteriorate further, weakening the system's capacity to finance its obligations through ongoing contributions. Maintaining equilibrium in this equation therefore depends fundamentally on the economy's ability to generate new employment opportunities that can absorb labor market entrants and expand the contributor base.

Within this context, the relationship between social security reforms and employment policies emerges as a decisive factor in shaping the trajectory of sustainability. The proposed target of creating approximately 100,000 jobs raises questions about the adequacy of this figure in addressing the system's growing pressures. The issue extends beyond the sheer number of jobs created to encompass their quality, sustainability, and their capacity to integrate workers into the formal economy. If these opportunities do not translate into a tangible increase in the number of new contributors, their impact on the financial balance of the system will remain limited.

Accordingly, any serious reform approach must treat the labor market as an integral component of the sustainability equation. Strengthening economic growth, promoting labor-intensive sectors, and reducing the size of the informal economy are all factors that contribute to improving the dependency ratio over the medium and long term. In the absence of such integration between social security and employment policies, legal amendments risk becoming partial measures that address symptoms without confronting the underlying structural challenges facing the system.

Social Security in the Context of Macroeconomic Imbalances

Some observers argue that the ongoing debate surrounding amendments to the Social Security Law reveals, at its core, a deeper economic imbalance that extends beyond the boundaries of legislative texts. According to this perspective, the issue is not confined to the variables of the



pension system or eligibility conditions; rather, it reflects structural pressures within the macroeconomy and the labor market in Jordan. From this standpoint, the manner in which the issue has been handled is seen as more political than economically comprehensive, with the debate being shifted to the legislative authority as a way to absorb social reactions or postpone the resolution of sensitive matters. While such an approach may ease immediate tensions, it does not address the underlying challenges related to the system's sustainability.

In this context, another structural concern emerges regarding the design of policies targeting youth within the social security framework. Rapid transformations in the labor market—particularly the spread of flexible work arrangements and platform-based employment through digital and social media channels—have led to the expansion of categories of workers operating outside traditional employment structures. These developments raise critical questions about the system's capacity to accommodate such new forms of work and whether it provides meaningful incentives for their inclusion. Current estimates suggest that these groups remain largely outside the scope of social protection, highlighting a gap between the system's design and the evolving realities of the labor market.

At the same time, the investment of social security funds has generated a parallel debate over the appropriate investment strategy. Some perspectives advocate limiting external investments in order to channel financial resources toward the domestic economy. However, in the view of many experts, this position requires a more nuanced discussion that takes into account the principle of portfolio diversification and risk mitigation. Exclusive reliance on the domestic market may constrain opportunities for higher returns and reduce the ability to distribute risks geographically. The balance between domestic and external investment thus emerges as a strategic issue requiring careful professional evaluation.

In parallel, structural imbalances within the broader economy continue to shape the performance of the insurance system. Phenomena such as tax evasion and the expansion of the informal economy reduce the state's capacity to build a robust financial base to support social protection policies. Without addressing these underlying distortions, reforms within the social

security system are likely to remain limited in impact, as they would be addressing the consequences rather than the root causes of economic imbalance.

Accordingly, this perspective underscores that reforming the social security system requires a broader approach that goes beyond a narrow legislative framework to encompass labor market policies, investment strategies, and economic governance. The success of any legal amendment ultimately depends on its interaction with the economic environment in which it operates, as well as its ability to adapt to the transformations associated with the digital economy and emerging employment patterns.

Critique of the Amendments and Alternative Expansion Pathways

The proposed amendments to the Social Security Law do not address the structural imbalances facing the system as much as they defer them, while shifting a significant portion of the adjustment costs onto contributors and citizens. An approach centered on limited changes to eligibility conditions or retirement age may alleviate financial pressures in the short term, yet it does not engage with the underlying structural factors affecting the system's sustainability. From this perspective, there is a clear need to ground reform in comprehensive actuarial studies that account for demographic and labor market transformations in Jordan, rather than relying on partial measures that treat symptoms without addressing root causes.

Within this framework, expanding the contributor base emerges as a primary pathway to strengthening the system's financial sustainability. Increasing the number of contributors not only raises total contributions but also helps rebalance the ratio between contributors and beneficiaries. Accordingly, calls have been made to develop the voluntary enrollment system in a way that grants voluntarily insured individuals the same level of benefits afforded to workers in formal institutions. Any disparity in benefits or eligibility conditions risks undermining the attractiveness of voluntary participation and limiting its capacity to draw in broader segments of workers outside the formal sector.



In parallel, proposals have been advanced to extend coverage to Jordanians residing abroad by facilitating registration and contribution procedures through diplomatic missions. This approach is based on the premise that the Jordanian workforce abroad constitutes a significant human and economic resource that could contribute to expanding the contribution base if flexible mechanisms are put in place to enable their inclusion. Such a step would strengthen the connection of this group to the national social protection system while also providing an additional source of financial support for the fund's sustainability.

At the same time, this perspective criticizes what it perceives as a limited assumption of responsibility by the government in directly supporting the system, whether through financing certain programs or addressing broader economic imbalances that affect its performance. It suggests that constraints on political decision-making autonomy may weaken the effectiveness of public policies, including those related to social security. Reforms that lack a clear political commitment or a long-term economic vision risk remaining confined to short-term fixes that postpone rather than resolve underlying challenges

Accordingly, this perspective underscores that reforming social security cannot be confined to amending specific legal provisions. It requires a more comprehensive approach that integrates expanded insurance coverage, enhanced equity among contributors, and a stronger state role in supporting the system's institutional sustainability. Without such alignment between legislative and economic policies, limited reforms are unlikely to achieve the long-term stability the system requires.

Intergenerational Equity and the Social Contract

The reform of the pension system in Jordan raises a question that goes beyond the technical debate over the retirement age, touching instead on the core of intergenerational equity and the nature of the social contract governing the relationship between the state and citizens. The central issue is not merely whether retirement should be determined by age or by contribution periods, but how structural risks are distributed within the system. When retirement is treated as



a purely actuarial equation, the primary beneficiaries tend to be individuals with stable career paths and regular incomes, while those with fragmented or precarious employment trajectories face diminishing prospects. As a result, the system gradually loses its social dimension and shifts from a mechanism of protection to an instrument of indirect differentiation across segments of the labor market.

From this perspective, the strategic debate does not revolve simply around raising the retirement age, but rather around identifying who should bear the costs of demographic shifts and labor market imbalances. Should these costs be transferred directly to contributors through delayed eligibility? Or should they be more equitably distributed through improved returns on social security investments, the expansion of the contributor base, and the integration of informal workers into the insurance framework? This constitutes the crux of the issue. Initiating an increase in the retirement age before addressing informality, weak investment efficiency, and structural employment distortions amounts to treating symptoms rather than causes. Such an approach may improve financial indicators in the short term without resolving the system's underlying structural vulnerabilities.

Accordingly, achieving sustainable stability requires a comprehensive reform package that moves beyond the narrow logic of raising the retirement age alone. A more balanced pathway involves a gradual and systematic increase in the retirement age over an extended period, aligned with rising life expectancy in Jordan. However, this approach must be explicitly linked to national employment policies capable of absorbing young entrants into the labor market. Raising the retirement age in a context of high youth unemployment does not automatically enhance sustainability; it may instead exacerbate labor market bottlenecks and delay generational turnover in employment.

Any serious reform effort must also begin by addressing the distorted incentives that encourage early retirement. Before adjusting the statutory retirement age, priority should be given to recalibrating early exit conditions from the labor market. This can be achieved by gradually increasing the minimum threshold for early retirement, while limiting exceptions to workers in



hazardous or physically demanding occupations. Such measures aim to curb the excessive use of early retirement as an exit strategy and to redirect the system toward its original function as protection against old-age risks, rather than as a substitute for weak employment policies or fragile working conditions.

This reform trajectory is further reinforced by introducing more flexible arrangements in the relationship between work and retirement, particularly through models of partial employment after reaching the statutory retirement age. Allowing retirees to continue working on a part-time basis with reduced contributions, without fully suspending their pension benefits, offers a practical solution that balances the need to alleviate pressure on pension funds with the need to retain experienced human capital within institutions. Moreover, such arrangements facilitate a smoother intergenerational transition in the labor market, as opposed to the abrupt discontinuity imposed by complete and sudden withdrawal from employment.

The success of this reform package, however, remains contingent upon the presence of an economic environment capable of generating new jobs. Raising the retirement age cannot acquire social or economic legitimacy in the context of high youth unemployment unless it is accompanied by active policies that stimulate investment, expand labor demand, and integrate social security reform with labor market strategies rather than treating it as an isolated accounting exercise. Genuine sustainability does not arise solely from reducing liabilities, but from expanding the system's funding base through a more productive and employment-generating economy.

In parallel, transparency remains a critical condition for building public trust. Reforms introduced in the absence of publicly accessible and comprehensible actuarial studies are often perceived as an additional burden lacking objective justification. By contrast, the regular publication of clear projections regarding future risks, potential scenarios, and the costs of alternative policy options shifts the debate from speculation and skepticism to rational comparison among choices. At this juncture, the sustainability of reform is determined not only by its technical soundness, but also by its capacity to convince society that its costs are fairly distributed and that its objectives extend beyond safeguarding the fund to preserving the social meaning of retirement itself.

Interventions in the discussion also highlighted the rapid transformations taking place in the labor market, particularly in relation to the nature of occupations, the distribution of labor across sectors, and the growing role of migrant labor in certain economic activities. Managing these transformations requires an updated and reliable database on firm structures and labor dynamics, yet this remains a significant challenge. The most recent comprehensive update of establishment data dates back to 2015, revealing an information gap that may undermine the accuracy of analysis and the formulation of public policies related to both the labor market and social security.

At the same time, insurance evasion has emerged as a critical issue affecting both the efficiency and financial sustainability of the system. The presence of firms and workers operating outside the contribution framework reduces the funding base and creates disparities between compliant and non-compliant actors. This has prompted calls for the development of more effective regulatory tools and the establishment of clear controls to curb such practices, thereby enhancing equity among contributors and strengthening the system's capacity to mobilize its resources.

Moreover, there is a clear need to reassess the concept of the reference wage used in calculating pension entitlements. This concept constitutes a key determinant of future benefit levels and plays a central role in maintaining the financial balance of the fund. Any distortion in its calculation may either inflate the system's financial obligations or unjustifiably reduce contributors' entitlements, in ways that conflict with the objectives of social protection.

In sum, the debate underscores that social security reform requires a robust analytical framework grounded in updated data and transparent actuarial models, alongside economic policies that support employment and reduce insurance evasion. Without these elements, legal amendments are likely to remain limited in their capacity to address the structural challenges facing the system over the long term.



Reform Vision – Balancing Financial Sustainability and Social Protection

The ongoing debate surrounding the 2026 amendments to the Social Security Law represents a pivotal moment in the evolution of Jordan’s social protection system. The discussion extends beyond a technical disagreement over retirement age or eligibility mechanisms, reflecting instead a deeper tension between the financial sustainability of the insurance system and the imperative of preserving social equity. As demographic pressures intensify and the risks of future deficits grow, reform emerges as a structural necessity rather than a discretionary choice. Its effectiveness, however, depends on its ability to strike a careful balance between the rigor of actuarial calculations and the realities of living conditions, ensuring that sustainability measures do not erode public trust in the system.

Within this context, a gradual approach to raising the retirement age stands out as an institutional mechanism to mitigate the social costs of reform. Limiting the immediate application of a higher retirement age to new entrants in the labor market helps preserve the expectations of current contributors while granting the system time to adjust to legislative changes. At the same time, applying a flexible and incremental trajectory to existing contributors can reduce the intensity of social and economic resistance, enhancing the feasibility of reform without generating sudden shocks in the labor market.

A compensatory approach is equally critical in this regard. Linking an increase in the retirement age to a package of direct benefits can reshape workers’ perceptions of the reform. When delayed retirement is accompanied by improvements in minimum pension levels and expanded health insurance coverage for retirees, the reform shifts from a purely austerity-driven measure to an institutional trade-off that enhances quality of life in the post-employment phase. Such an approach not only addresses social concerns but also contributes to rebuilding trust between the state and contributors.

From another perspective, effective reform requires introducing greater sectoral flexibility in determining retirement age. A uniform approach across all professions overlooks substantial differences in working conditions and occupational risks. Adopting a flexible retirement model

that allows for targeted exceptions for physically demanding or hazardous occupations can enhance occupational equity and reduce the perception that reform disproportionately burdens vulnerable groups.

Moreover, the broader economic dimension necessitates integrating pension reform into labor market policies rather than treating it as an isolated intervention. The argument that retaining older workers contributes to higher youth unemployment can be addressed through institutional mechanisms that actively support the employment of new graduates. Allocating part of the financial gains resulting from delayed retirement to fund youth employment programs, or to reduce social security contributions for firms hiring recent graduates, can transform pension reform from a potential burden into a tool for enhancing labor market dynamism.

At the same time, the governance of investment remains a decisive factor in achieving long-term sustainability. Legislative reform alone yields limited impact without more independent and transparent management of social security funds. Adopting an institutional governance model inspired by practices in independent monetary authorities, alongside the publication of simplified actuarial reports for the public, can strengthen societal confidence in the rationale behind reform and shift public debate from perception-driven narratives to evidence-based discussion.

The introduction of partial retirement mechanisms further reinforces this reform trajectory by providing a more flexible transition between work and retirement. Allowing workers to gradually reduce working hours while beginning to draw a portion of their pension benefits helps alleviate immediate pressure on pension funds while preserving valuable professional expertise within institutions. This model also facilitates intergenerational knowledge transfer and reduces the risks associated with abrupt workforce exits.

In addition, the long-term viability of the pension system is closely linked to the performance of its investments. Sustainability depends not only on the volume of contributions collected but also on the efficiency with which accumulated savings are managed. Redirecting a larger share of investments toward productive sectors tied to real economic growth, while establishing clear



limits on government borrowing from social security funds, can reduce the need for future contribution increases and enhance the system's resilience to economic shocks.

From a social equity perspective, the gender dimension constitutes a critical challenge in the design of reform. Raising the retirement age may generate concerns among women whose career trajectories are often interrupted by caregiving responsibilities. This challenge can be addressed by expanding access to the purchase of credited service years under favorable conditions or by recognizing childcare periods as partial contribution years. Such measures not only close gaps in social protection but also support greater female participation in the labor force.

Furthermore, expanding the contributor base remains a fundamental condition for achieving financial sustainability. The informal economy absorbs a significant share of the workforce, placing disproportionate pressure on formal contributors. Developing flexible digital platforms that enable self-employed individuals and informal workers to participate in the system under simplified conditions can play a key role in broadening the funding base.

Finally, adopting an automatic adjustment mechanism for the retirement age-linked to demographic and economic indicators-can reduce the recurrent politicization of reform processes. Tying retirement age to life expectancy and inflation rates through a dynamic index subject to periodic review allows the system to adapt to demographic and economic changes without the need for repeated legislative interventions that trigger controversy each time.

Structural Reform versus Procedural Reform

Achieving a stable exit from the current challenges facing the social security system requires a shift from a procedural reform logic-primarily focused on reducing short-term financial costs-toward a structural reform approach that links the system's sustainability to macroeconomic growth and the expansion of the contributor base. Adjustments limited to modifying pension parameters, such as retirement age or contribution rates, may provide an immediate response to actuarial pressures, yet their impact remains constrained unless accompanied by broader



economic policies that stimulate job creation and expand the pool of active contributors. From this perspective, proposed reforms become part of an integrated roadmap aimed at balancing the system's financial sustainability with citizens' right to a dignified retirement—a right closely tied to the state's constitutional obligations and the broader social contract in Jordan.

The importance of this approach lies in its ability to redefine the relationship between pension reform and labor market policies. Legislative amendments are no longer framed as isolated austerity measures, but as components of a comprehensive economic strategy. Linking social security reforms to national employment programs targeting youth can expand the contributor base while alleviating long-term financial pressures. At the same time, this integration repositions the pension system from a mechanism focused solely on managing liabilities to a pillar supporting broader economic and social stability.

Within this framework, the current debate transcends a technical disagreement over legal provisions and reflects a legitimate tension between two competing logics. On one side stands the logic of financial sustainability, which prioritizes safeguarding the system's actuarial soundness. On the other stands the logic of social protection, which emphasizes workers' rights and post-retirement security. The central challenge for policymakers lies in designing a consensual reform capable of managing this tension rather than resolving it by privileging one side at the expense of the other.

To achieve such a balance, any future reform must rest on three interrelated pillars. The first involves preserving the system's long-term financial solvency through realistic actuarial policies capable of addressing demographic shifts and rising life expectancy. The second focuses on protecting accrued rights and enhancing equity across different professional and social groups, preventing reform from becoming a new source of inequality within the labor market. The third pillar centers on strengthening public trust through higher levels of institutional transparency and structured societal dialogue regarding reform pathways.



Any approach that fails to integrate these three dimensions within a unified framework is likely to encounter significant obstacles in implementation or public acceptance. Reforms driven solely by financial considerations risk losing social legitimacy, while policies that disregard sustainability may undermine the system's ability to meet its future obligations. Hence, the priority lies in constructing a balanced reform model that preserves social security as a critical pillar of social protection in Jordan, while ensuring its continuity as an institution capable of safeguarding both current and future generations.

Strategic Conclusion

The objective of this debate is not to defer the crisis, but to recalibrate the relationship between financial sustainability and social protection within a more balanced framework. The success of reform should not be measured solely by its ability to reduce future deficits, but also by its capacity to strengthen public trust in the system and ensure its continuity as a cornerstone of social and economic stability in Jordan. Within this approach, social security can remain a safeguard for current and future generations, rather than becoming an additional burden on society or the economy.

In this context, there is a clear need to reassess current investment strategies to achieve a more effective balance between risk and return. This includes improving cash flow management, strengthening the independence of investment decisions, and broadening the range of financial instruments employed. Some experts have proposed the establishment of a specialized investment arm or an investment bank affiliated with the Ministry of Investment, tasked with managing social security funds according to more professional institutional standards and enabling greater independence from short-term pressures.

Accordingly, the debate on the future of social security should not be confined to adjusting selected legal or procedural variables. It must instead move toward redefining the balance between the system's social protection function and the requirements of economic sustainability. The system's success in the coming decades will depend largely on its ability to

preserve its institutional insurance character while modernizing its investment tools and financial management in line with ongoing demographic and economic transformations in Jordan.

Actuarial Sustainability and Early Retirement

Each phase in the development of social security legislation involves a complex set of institutional and economic challenges, and the current discussions have yet to adequately address several structural issues that directly affect long-term sustainability. Among these are lump-sum withdrawals and the growing imbalance between the number of retirees and active contributors. If left unaddressed, this imbalance threatens the system's financial equilibrium and places increasing pressure on its resources. Achieving sustainability and inclusiveness therefore requires more than limited legal adjustments; it necessitates a meaningful expansion of the contributor base in line with labor market transformations and the reduction of informality.

Within the same framework, the concept of early retirement requires careful reassessment, as it has become a major source of pressure on pension funds. Maintaining broad eligibility for early retirement reduces contribution periods while extending benefit durations, thereby undermining the system's actuarial balance. Determining the retirement age should therefore rely on clear scientific criteria that take into account the demographic characteristics of Jordanian society, particularly in light of projections indicating a significant transformation in the population structure by 2050. With increasing life expectancy and a rising share of older populations, the retirement age becomes a strategic variable linked to demographic structure and labor market dynamics, rather than a fixed legislative parameter.

The proposed amendments include several positive elements that can be built upon, particularly in expanding service coverage across governorates and improving certain old-age benefits. Extending the reach of social security services beyond urban centers represents an important step toward greater social inclusion, while enhancing old-age benefits reinforces the system's role as a safety net for older populations.

A significant component of the financial relationship between the government and the social security fund lies in government bonds, which constitute a substantial share of its investment portfolio. While these instruments provide a degree of stability, heavy reliance on them raises concerns about portfolio diversification and long-term returns. Balancing security and profitability remains a central challenge in managing social security funds, particularly in light of growing future obligations.

Administration, Collection, and Implementation Efficiency

The challenges facing the social security system extend beyond legislative design and are closely tied to institutional inefficiencies in administration and execution. Despite its substantial financial base derived from contributions, the system faces issues related to the effective management of resources and the efficiency of collection and monitoring mechanisms. In many cases, these shortcomings are less a function of legal design and more a reflection of institutional capacity to manage public funds within a robust regulatory and governance framework. This administrative dimension plays a decisive role in determining the system's ability to achieve its insurance and social objectives.

At the same time, caution is warranted regarding certain investment directions that may involve elevated levels of uncertainty, particularly with respect to external investments. Fluctuations in global interest rates and volatility in international financial markets may increase the risks associated with managing social security funds. Current investment strategies should therefore be reassessed in light of prudent financial management standards and risk diversification principles, ensuring the stability of returns and protecting pension savings from sharp fluctuations.

Moreover, the proposed amendments do not sufficiently address the issue of inflation, despite its direct impact on the real value of pension benefits. Ignoring this factor in the design of pension policies may lead to a gradual erosion of retirees' purchasing power over time, thereby weakening the system's social function. It is therefore essential to incorporate inflation indicators

into periodic adjustment mechanisms for pension benefits, making them a core component of any future reform aimed at preserving beneficiaries' living standards.

On another level, there remains a substantial gap between the size of the labor force and the number of actual contributors to the system. A large proportion of workers remain outside the social security framework, representing one of the most significant sources of pressure on its financial sustainability. This limits the contribution base upon which the system depends to finance its future obligations. Expanding the contributor base should therefore be a top reform priority, particularly through the integration of informal workers and the strengthening of compliance across economic sectors.

Government Management of the Issue and Public Dialogue

A central concern lies in the manner in which the proposed amendments to the Social Security Law have been introduced. The management of this issue has not sufficiently accounted for its political and social sensitivity. Addressing legislation that directly affects retirement rights and social protection requires prior public engagement and the construction of a clear explanatory narrative outlining the rationale and objectives of reform. The absence of such preparation has shifted the debate from a technical discussion of financial sustainability to a politically charged issue, particularly within an economic environment characterized by heightened social anxiety. In this context, the timing of the proposed amendments was not effectively managed, whether in relation to broader economic conditions or the sequencing of public debate.

From a governance perspective, there is also a noticeable lack of transparency in certain aspects of the proposed amendments, alongside insufficient clarity regarding the criteria used to determine pension ceilings. The absence of clear and publicly understood standards may open the door to divergent interpretations of distributive fairness within the system and may ultimately undermine public confidence in the proposed reforms.

Final Recommendations

The ongoing debate surrounding the proposed amendments does not center on the principle of reform itself, but rather on three specific issues that have generated concern: raising the retirement age, tightening early retirement conditions, and restructuring institutional governance. Effective recommendations must therefore address these points directly and pragmatically, rather than relying on broad generalizations. Within this context, a set of targeted policy recommendations can be formulated to alleviate the political and social tensions surrounding the reform proposal.

The first key recommendation is to maintain the current statutory retirement age-60 for men and 55 for women-for a transitional period of no less than five years before initiating any gradual increase. This step provides the system with a phase of legislative stability and prevents individuals nearing retirement from perceiving that the rules have suddenly changed. Following this period, a clearly defined and publicly announced gradual increase can be introduced, extending the timeline to 2035 instead of 2030, thereby reducing the social impact of the reform.

The second recommendation concerns early retirement. A practical solution does not lie in abolishing or sharply restricting it, but in linking eligibility conditions to the nature of the occupation. A dual-track model can be adopted, maintaining current early retirement provisions for physically demanding or hazardous occupations, while gradually tightening conditions for office-based or low-risk professions. This differentiation helps mitigate social resistance and prevents the excessive use of early retirement in non-hazardous sectors.

The third recommendation addresses a major source of public distrust: the management of social security funds. A legal provision should be introduced requiring the publication of an annual, detailed actuarial and investment report, to be submitted to parliament and made publicly accessible. This measure directly responds to widespread concerns, as a significant portion of the current debate stems from the lack of transparent and reliable information regarding the fund's financial position.



The fourth recommendation involves establishing a structured pathway for flexible retirement beyond the age of sixty. Rather than forcing workers to either exit the labor market entirely or remain fully employed, a partial retirement model can be introduced. This would allow individuals to receive a portion of their pension benefits while continuing to work part-time. Such models are widely implemented internationally and can reduce financial pressure on pension funds while maintaining the participation of older workers in the labor market.

The fifth recommendation relates to expanding insurance coverage, which represents one of the most effective pathways toward long-term financial sustainability. A gradual mandatory inclusion of workers in the informal economy over a five-year period should be pursued, accompanied by reduced contribution rates during the initial years for these groups. Expanding the contributor base offers a more sustainable solution than relying solely on increasing the retirement age.

The sixth recommendation concerns the governance framework following the introduction of a governor position within the institution. To address concerns about the concentration of authority, legal provisions should ensure balanced representation of workers and employers on the board of directors, with their combined share constituting no less than half of the membership. This measure restores institutional balance and enhances the legitimacy of decision-making processes.

The seventh and final recommendation involves introducing a clear transitional provision to protect all insured individuals over the age of fifty or those who have completed more than fifteen years of contributions from any abrupt changes to retirement conditions. This measure is among the most effective tools for reducing social tension, as individuals approaching eligibility are typically the most sensitive to reform.

In conclusion, resolving the current debate does not depend on abandoning reform altogether or pursuing it in an abrupt and rigid manner. It requires the design of a gradual reform trajectory that balances three core priorities: safeguarding the rights of current contributors, improving the system's financial sustainability, and restoring public trust in the management of social security.



This balance constitutes the essential foundation for achieving political and social consensus around the reform.