Pension fund foundation is defined as legal entity which functions to manage and execute pension program providing the benefits of pension plans to its members. Considering the huge benefits of pension program to its members, society, and national development, Indonesia Government supports pension foundation by establishing regulation governing financial Institution Pension Foundations (Dana Pensiun Lembaga Keuangan / DPLK), Namely Government Regulation Number 77 year 1992.

As a legal entity, a pension foundation may be merged with other financial foundations. However, the merging process should consider many aspects in order not to harm or cause disadvantageous on the right of its members related to the benefits of pension program gained by the member and his/her heirs. Principally, the reason of merging financial institution pension foundation is similar to the reason of merging other organizations, namely to expand the business of pension fund foundation. There are several factors causing the dismissal of pension fund management. They are eternal problems of financial institution pension foundation itself, such as limited assets, underdeveloped human resources, and the inability of applied technology to improve the efficiency of the management. The merge of pension foundation businesses may reduce the competition among pension fund foundations. The undeveloped condition of pension fund foundations may become one of the reasons of business merger.

In specific, the protection of pension fund members’ rights has been stipulated on Law concerning Pension Fund Number 11 Year 1992 as elucidated on its executive regulation Government Regulation Number 77 Year 1992. In case of two pension fund foundation merge and consequently annuls the status of the merged pension fund foundations as a legal entity, automatically the pension fund foundations will be terminated. The beneficiaries/members of terminated pension fund foundations will be transferred to new pension fund foundations. They are free to choose and determine the new pension fund foundations they shall apply without damaging their rights on pension benefits as stated on Article 26 of Law Number 77 Year 1992. However, the regulation concerning pension fund and its elucidation do not specify what kind of legal efforts may be taken by the beneficiaries/members aggrieved by the merger of pension fund foundations.

Keywords: Legal Protection, Beneficiaries of Financial Institution Pension Fund Foundation. Merger of Financial Institution Pension Fund Foundation.