

Older People and Their Perception on Income Protection

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ILO, Public Lecture, 27 October 2021

Outline of the presentation

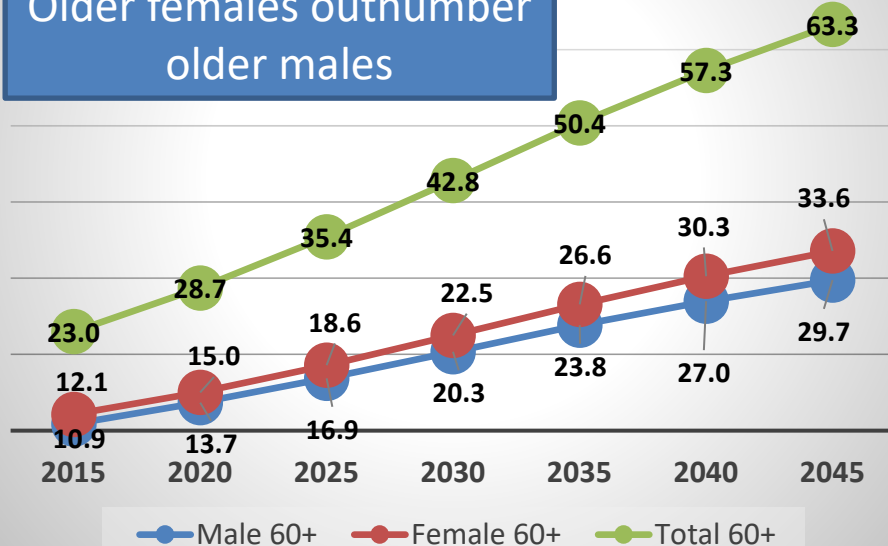
1. Why are we doing this?
2. Social, health and economic condition of Indonesian older person
3. Declining functional capacity and productivity and resources to meet daily needs
4. Where do these resources come from?
5. Are these resources enough? Subjective vs objective perception.
6. What are their expectation about income security or income protection after retirement?
7. Social Protection for older persons: the current condition

SOCIAL, HEALTH AND ECONOMIC CONDITIONS OF INDONESIAN OLDER PERSONS, 2020

Increasing size of older persons but decreasing potential support by productive age workers

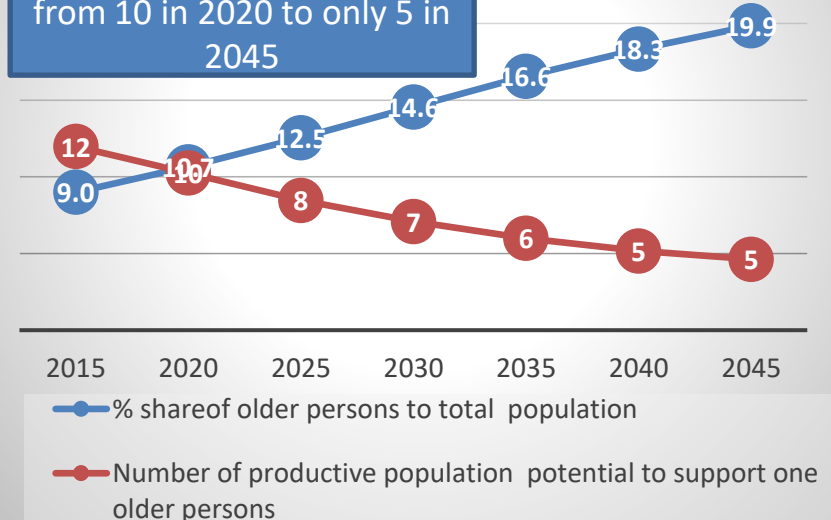
Increasing trend in number of older persons (m) 2015-2045

Older females outnumber older males



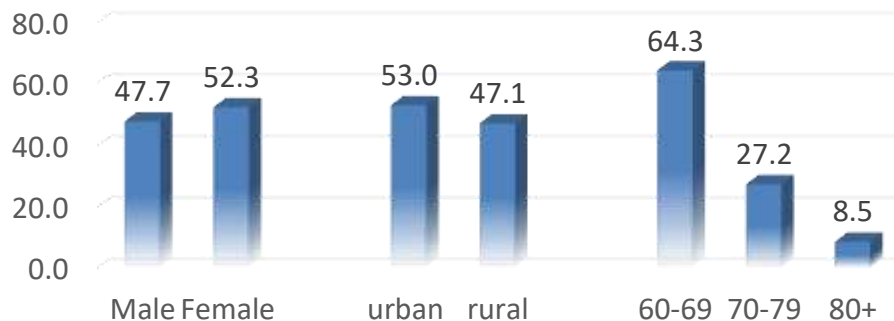
Increasing share of older persons but decreasing potential support ratios 2015-2045

Declining support ratio from 10 in 2020 to only 5 in 2045



Source: Population Projection 2015-2045

MORE FEMALE, MORE IN URBAN AREAS, DOMINATED BY THE YOUNG OLDS (THE YOLDS) , 2020



Yogyakarta, Bali, East and Central Java, West Sumatra and North Sulawesi are already ageing (>10%)



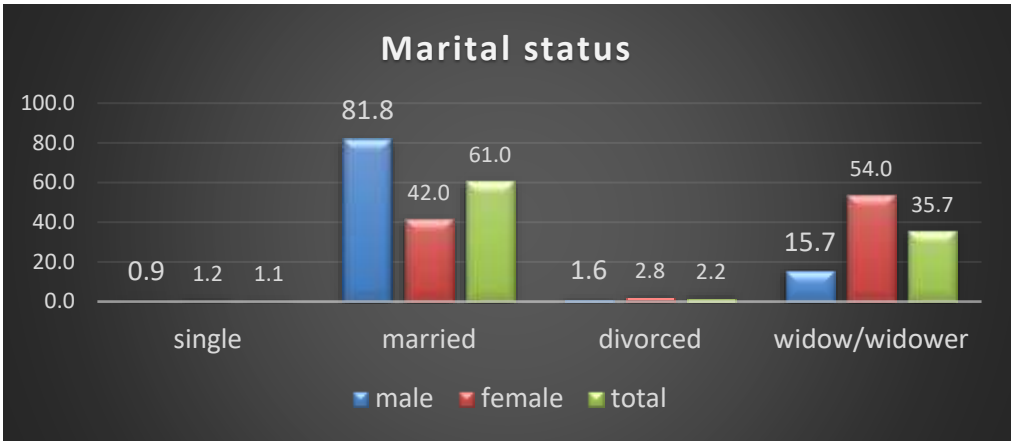
Source: Copied from
BPS: Statistics of Older
Persons 2020

Low education, but the future elderly will have better education.

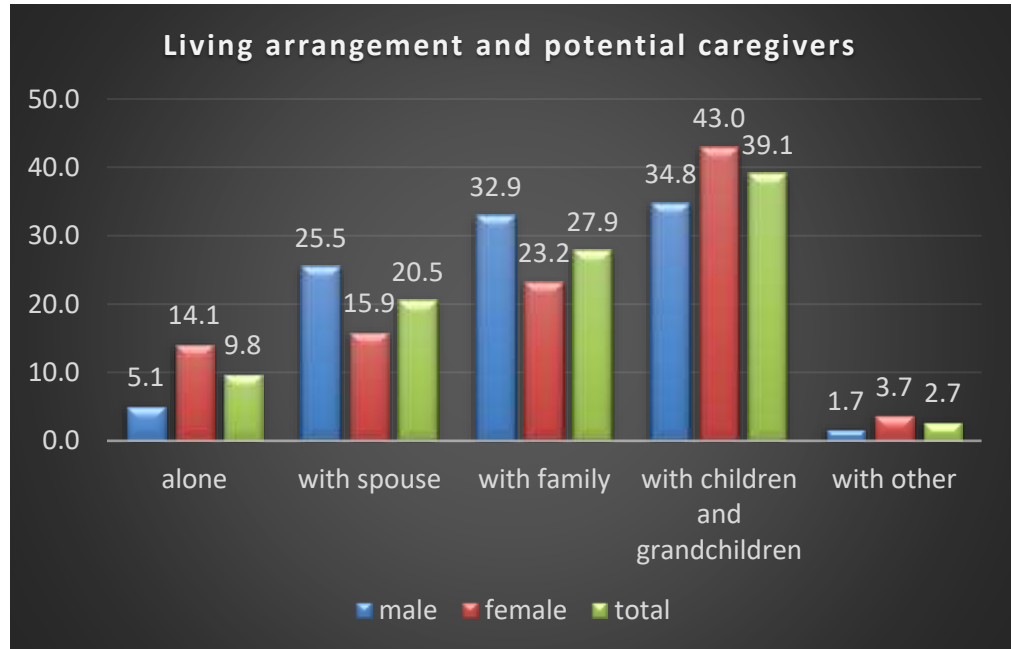


■ Up to primary
 ■ Junior secondary
 ■ High school
 ■ Tertiary education

Marital status and living arrangement, availability of caregivers and support?



- Older men tend to be married
- Older women remained widowed



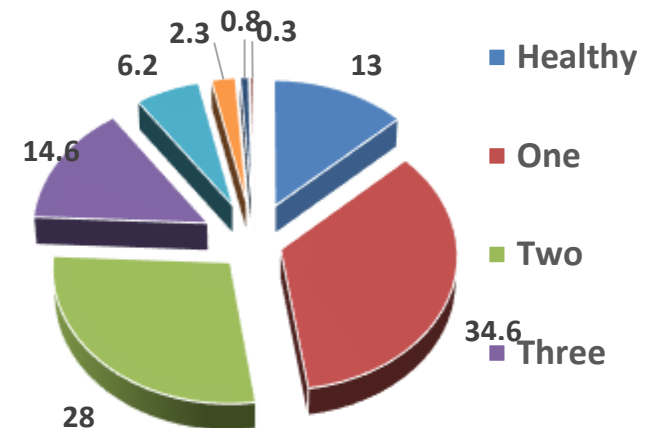
- 14.1% older women live alone
- 43.0% live with children and grandchildren
- 25.5% older men live with spouse
- 32.9% older men live with family
- 34.8% older men live with children and grandchildren

Our seniors are unhealthy, high cost of health care

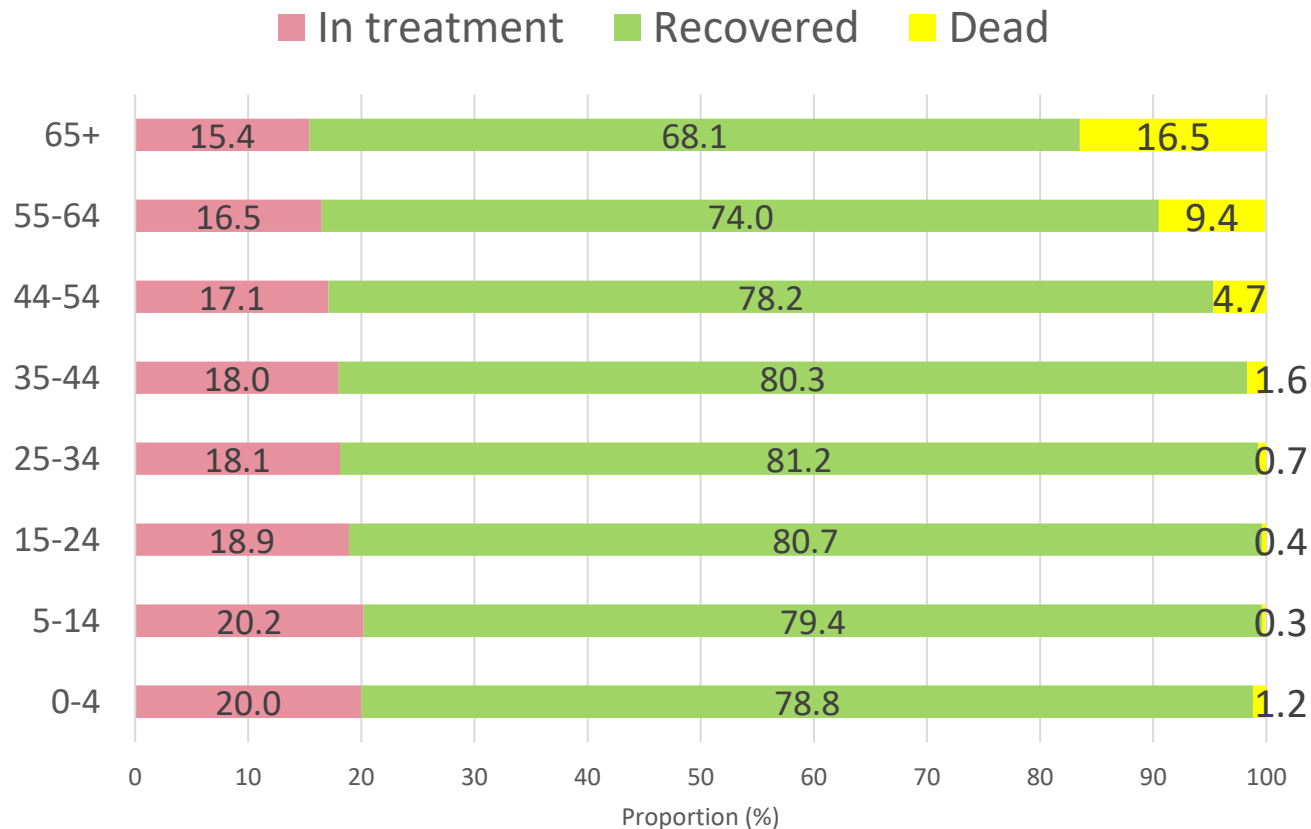
Prevalence of non-communicable disease (%). Riskesdas 2018

Disease type	Age group		
	55-64	64-74	75+
Hypertension	55.2	63.2	69.5
Stroke	32.4	45.3	50.2
Diabetes mellitus	15.6	15.1	13.6
Arthritis	15.5	18.6	19.0
Heart disease	3.9	4.6	4.7
Mental/emotional disorder	11.0	12.8	15.8
Depression	6.5	8.0	8.9
Cancer	4.6	3.5	3.8
Kidney failure	0.7	0.8	0.8

More than half of older persons have more than one disease or comorbidity



Death due to COVID-19 (highest % of older patients who die)

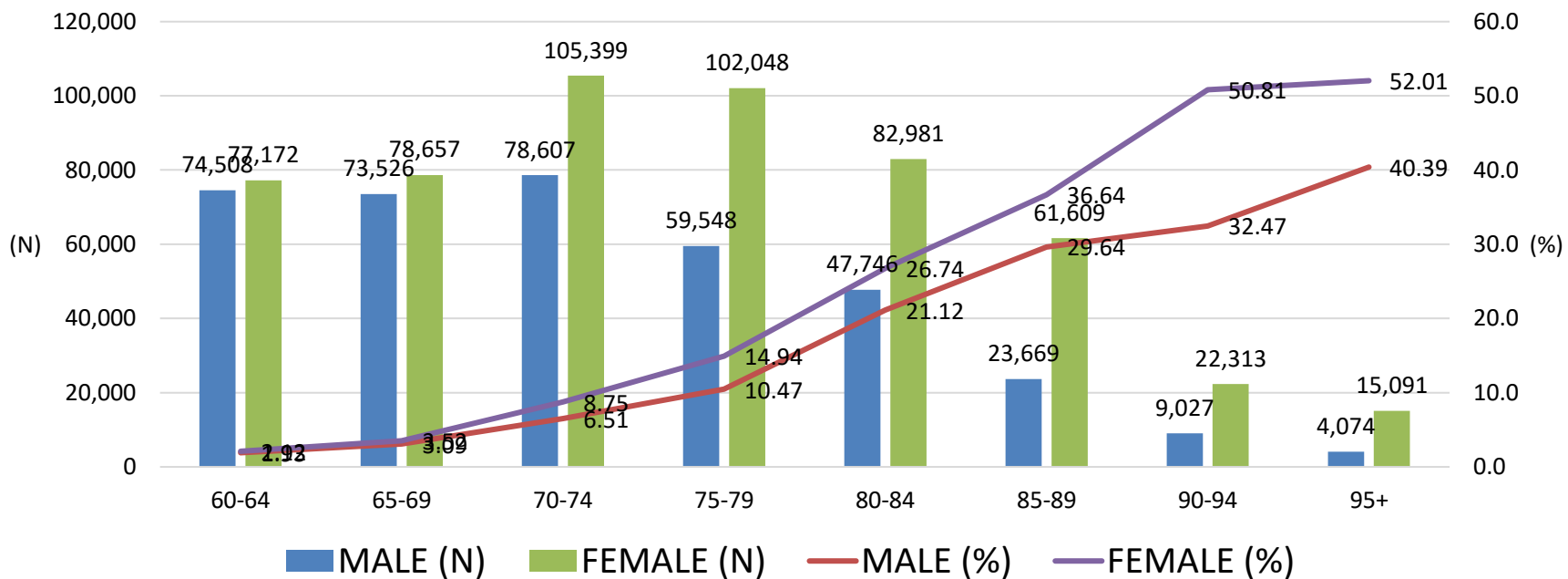


- 16.5% of older person age 65+ died when infected
- Compared to 9.4% age 55-64
- Compared to 4.7% age 44-54 years

Source: Ministry of Health, October 2020

Nearly half of the oldest old, especially old women are disabled, 2020

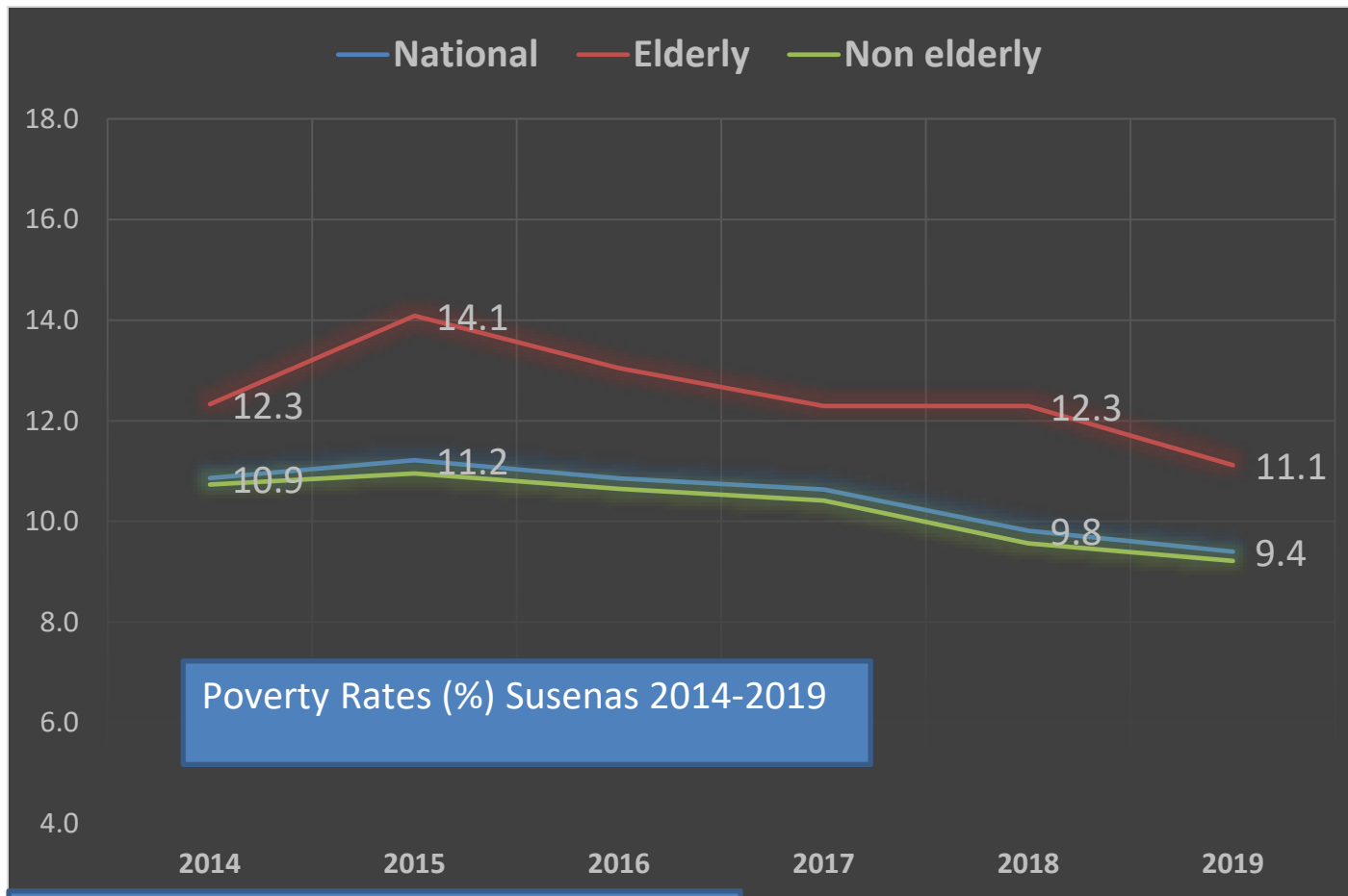
Number and % disabled older persons, by age and gender, Indonesia, SUSENAS 2020



Who will take care of them? Have their families enough money for health care?

**OLDER PERSONS TEND TO BE POOR
THAN THE YOUNGER AND THE
NATIONAL RATE**

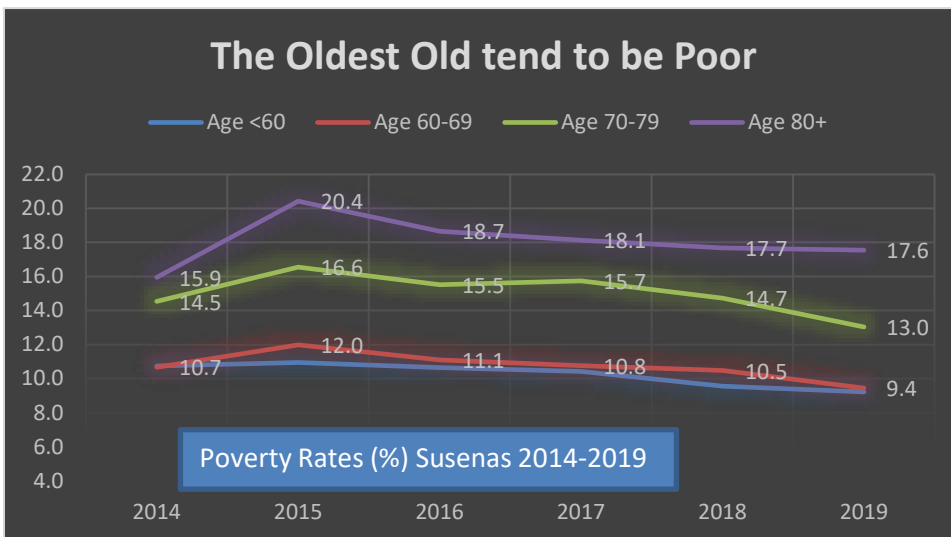
Older Persons have a higher tendency to be poor than non-older persons and all population



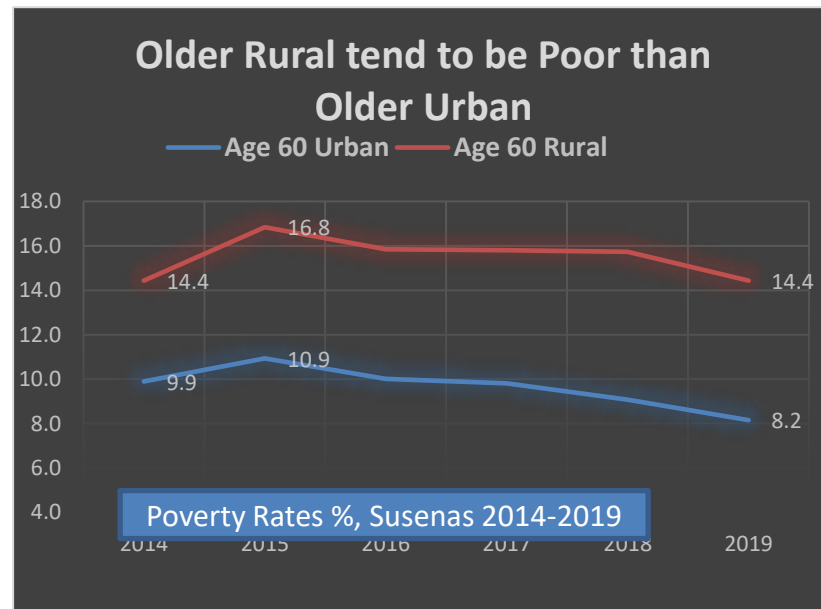
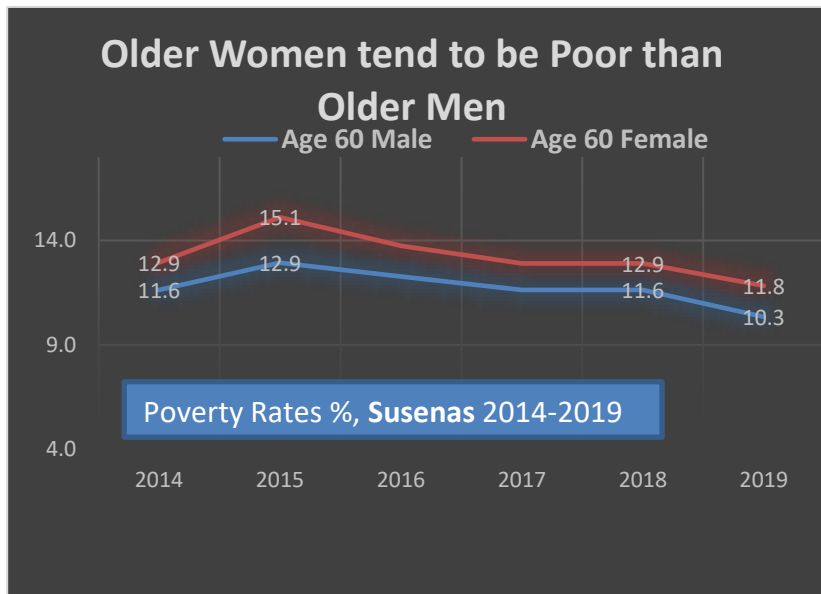
The impact of COVID-19 tend to increase poverty rate among the older persons

Poverty Rates (%) Susenas 2014-2019

Source: Susenas, Author's calculation



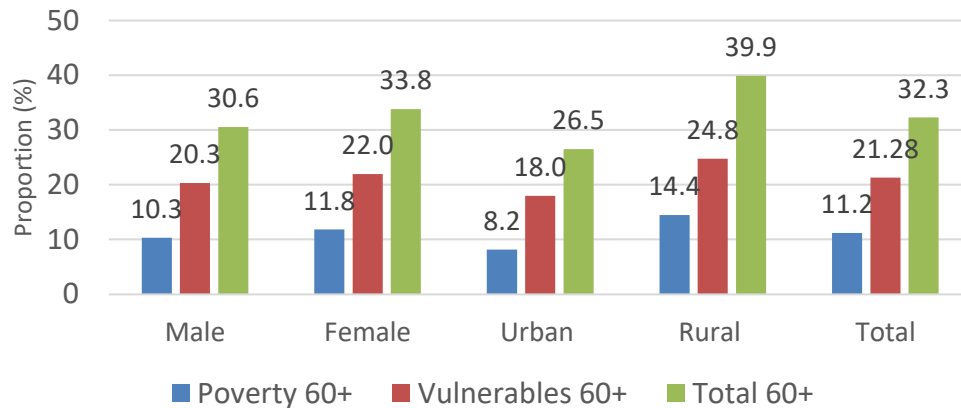
The older-old, older women and older persons live in rural areas tend to be poorer



Source: author's calculations

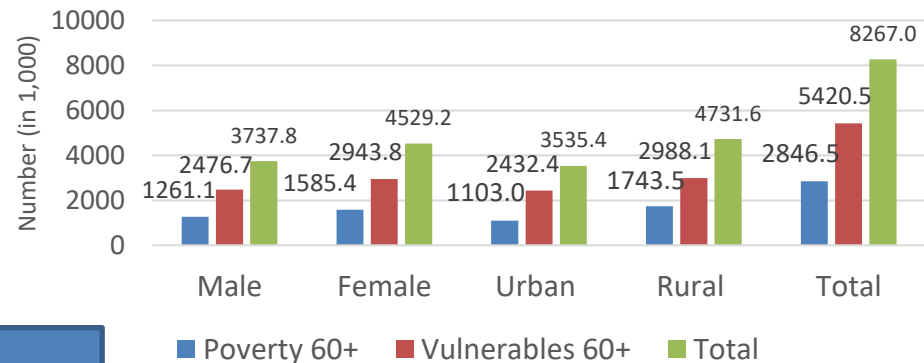
The vulnerable older persons tend to be plunged back into poverty due to Covid-19

Percentage of poor and vulnerable older persons by gender and place of residence, 2019



Need to expand and prolong Bansos

Estimated numbers of older people living under Poverty Line and the vulnerable older people, 2019 (in 1000)



Source: Susenas 2019, author's calculation

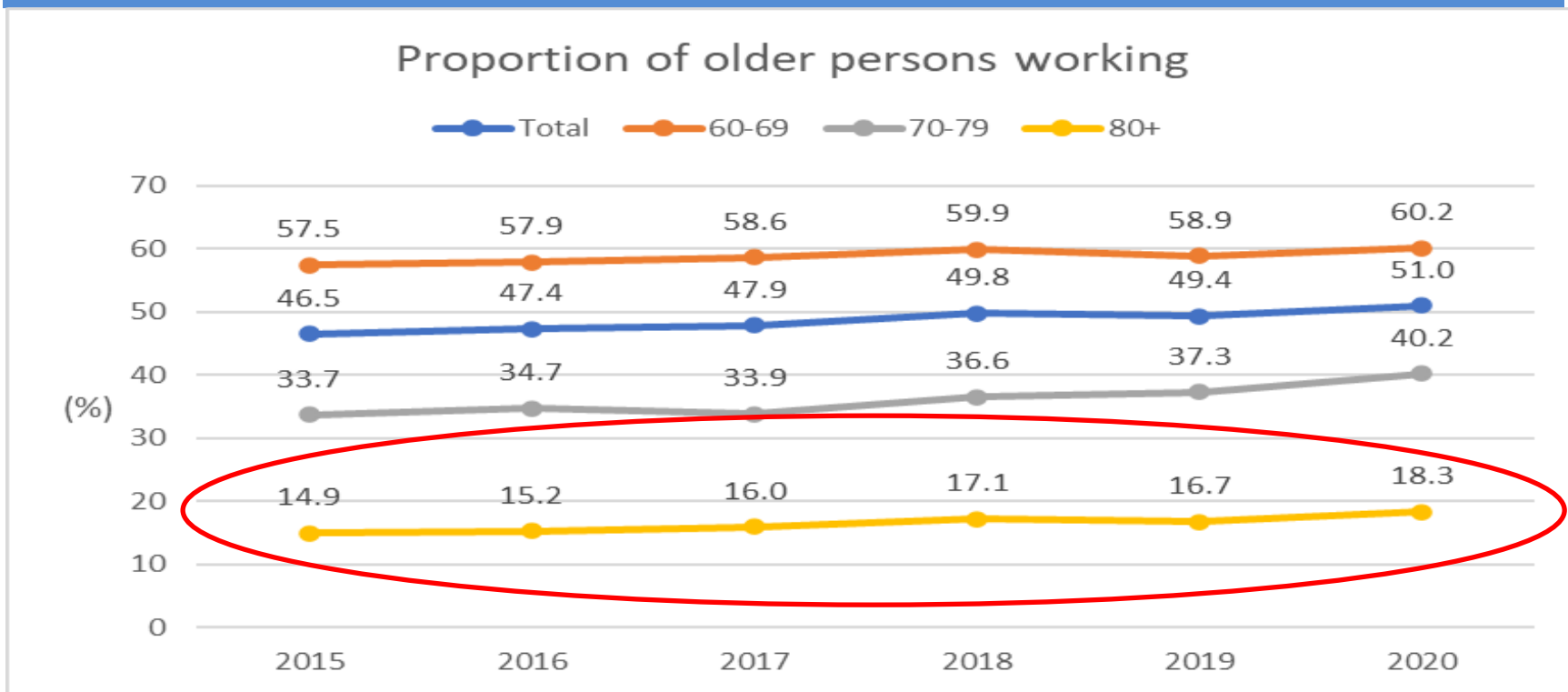
Feminization of ageing

- More elderly women than elderly men
- Women live longer but their health adjusted life expectancy (HALE) is shorter than men's
- Older women are unmarried and tend to live alone than older men
- Older women tend to be poor than older men
- Older women tend to suffer from disability than older men

Employment situations of older persons, Susenas 2020

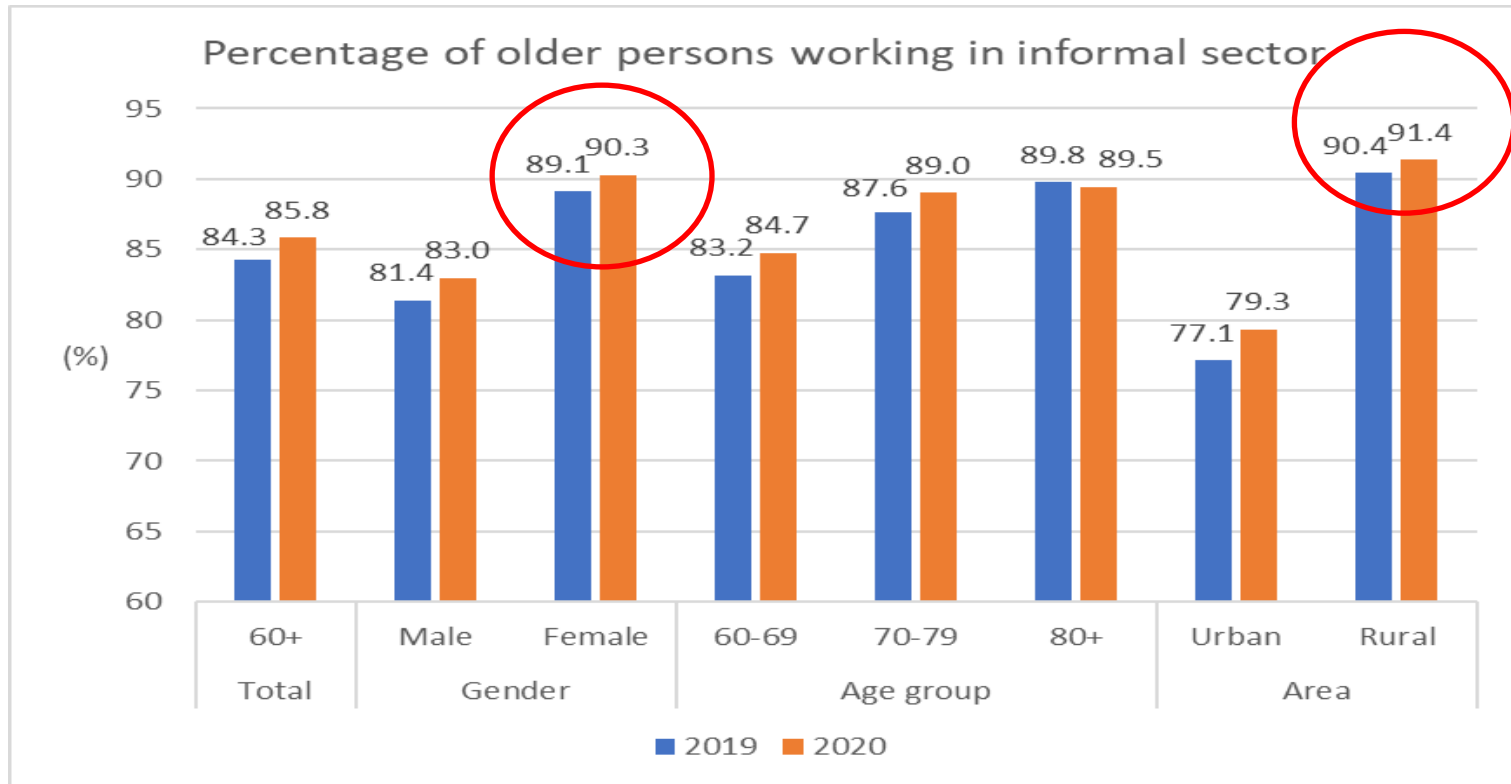
WORK TILL THEY DROP

Half of older persons , even those age 80+, 18% are still working. Lacking in income security?



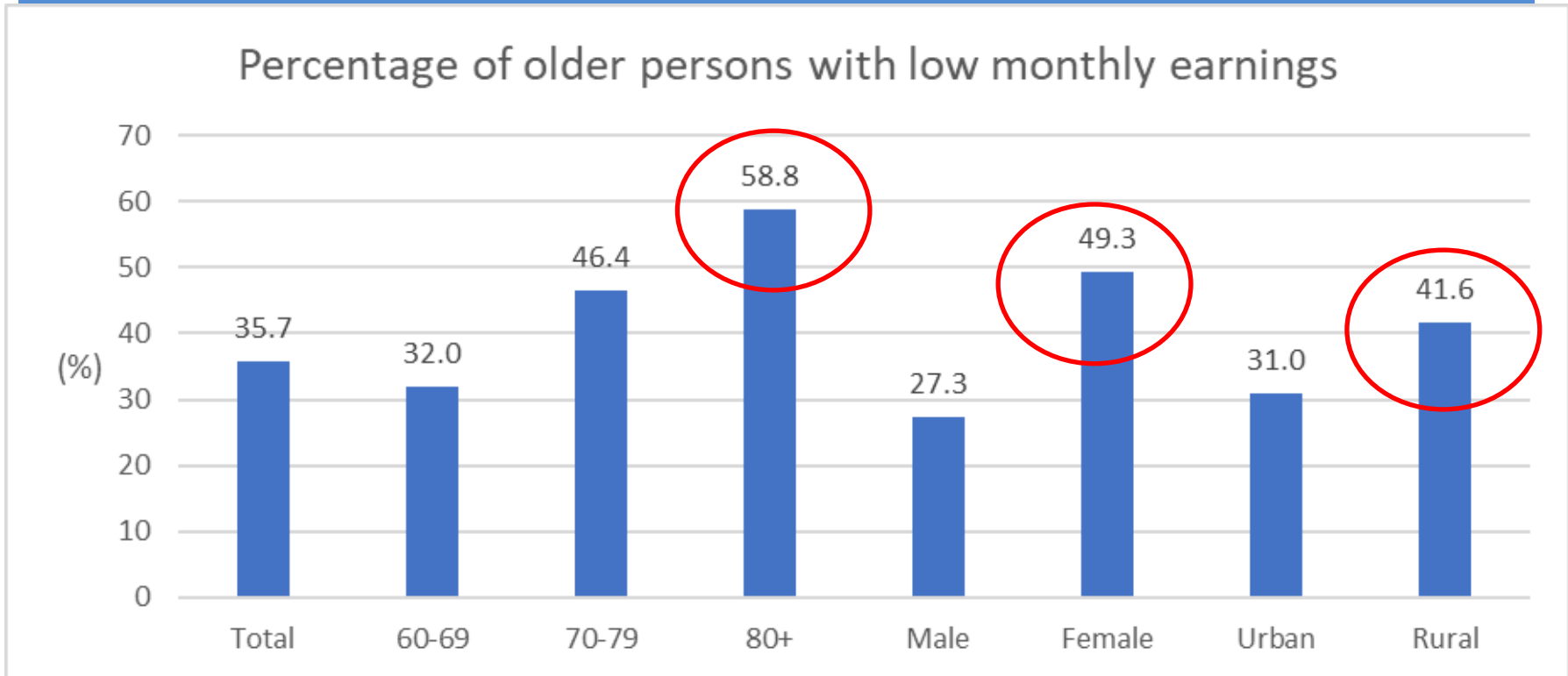
Source: BPS, Statistik Penduduk Lanjut Usia 2015-2020.

Further, they mostly work in informal employment. Uncertainties of income and lacking in social protection



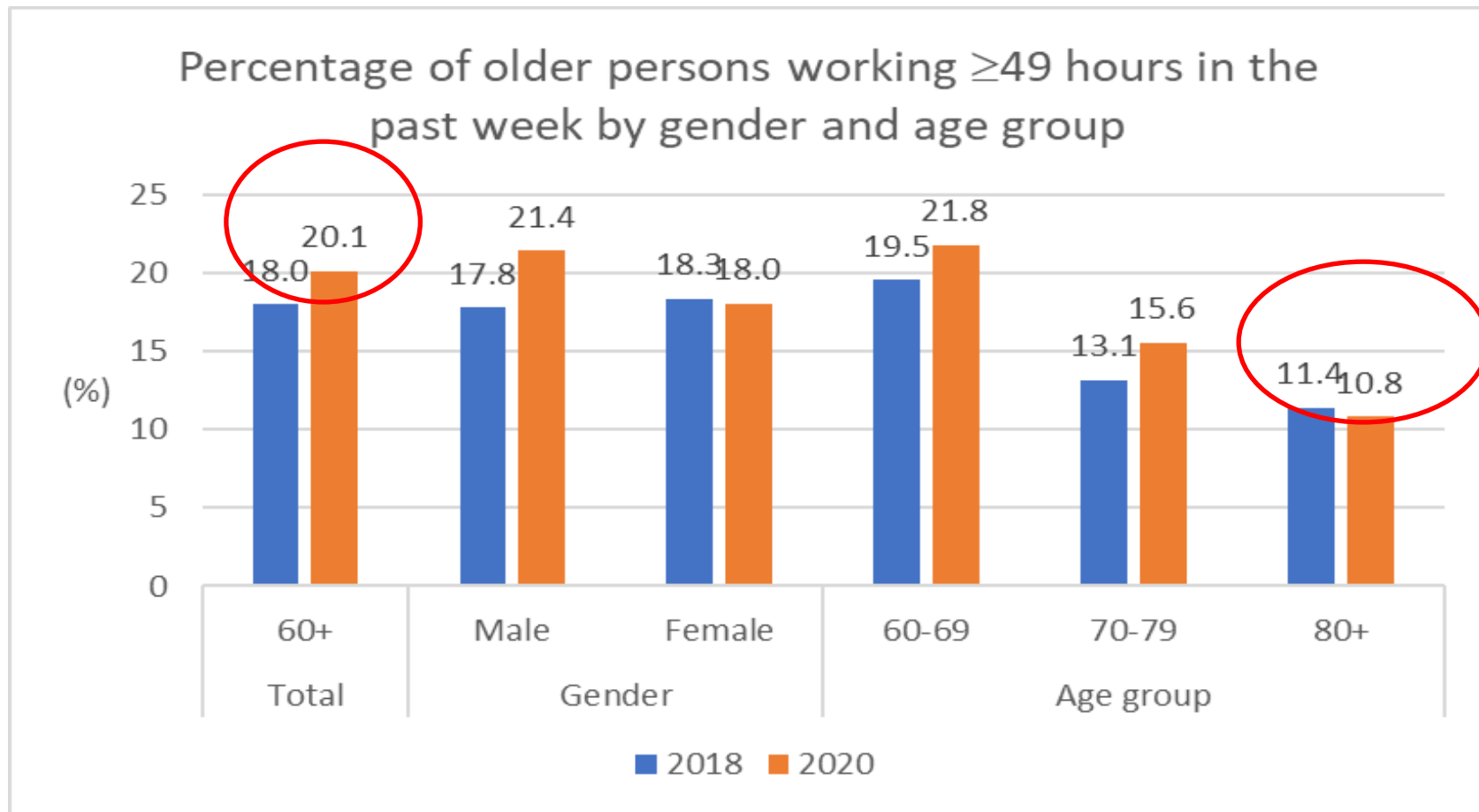
Source: BPS, Statistik Penduduk Lanjut Usia 2019 & 2020.

High % of elderly with low monthly income (average Rp1.45 m) by age , gender, urban rural, 2020



Source: BPS (2020), Statistik Penduduk Lanjut Usia 2020

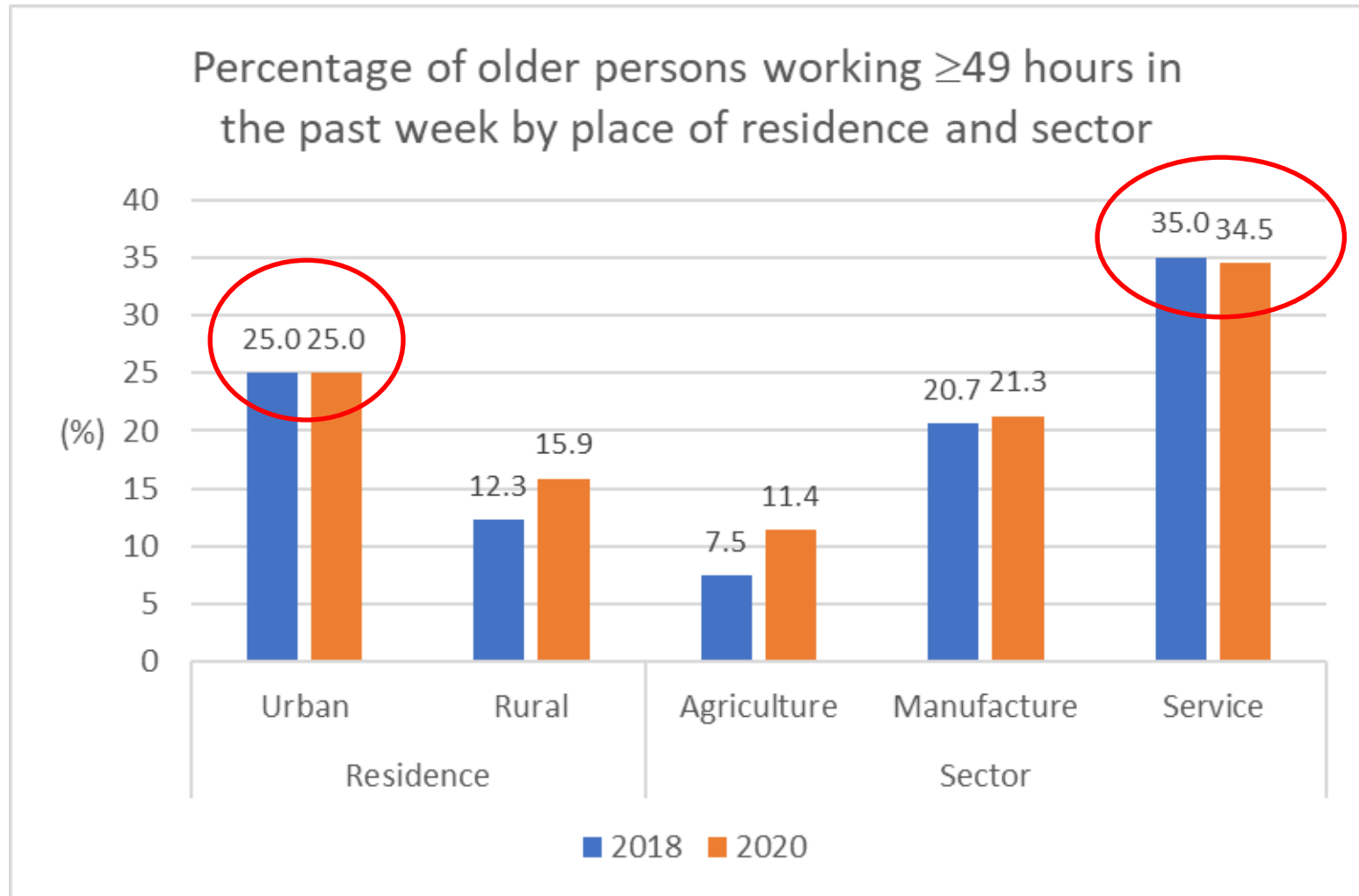
One out of five are working in long hours (≥ 49 hours). Work is for survival not preference



Source: BPS, Statistik Penduduk Lanjut Usia 2018, 2020

@smadioetomo/ILO_income security older persons

About one third of them, work in service sector, usually long hours



Source: BPS, Statistik Penduduk Lanjut Usia 2018, 2020

@smadioetomo/ILO_income security older persons

14% work as unpaid family member and 10.66% are free lancers

Gambar 5.4 Persentase Penduduk Lansia Bekerja Menurut Status Pekerjaan Utama, 2020



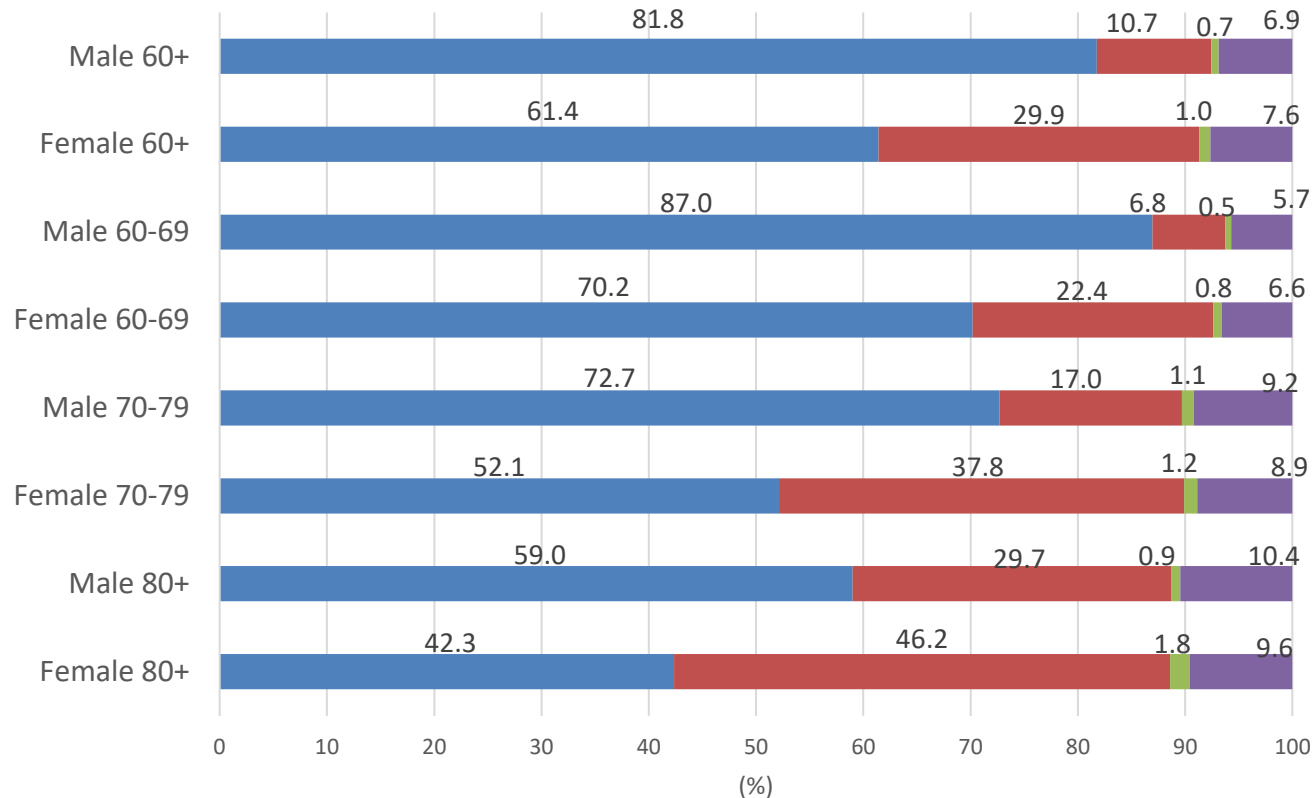
Sumber: BPS, Sakernas Agustus 2020

Summary of the Indonesian elderly profile, 2020

- Mostly low educated
- Older women live longer, unhealthy, tend to live alone, poor.
- Poverty rate is higher than the national rate
- The oldest old; older women; and rural older person tend to be poorer.
- Prevalence of older persons with NCD and comorbidity are high. High risk of being infected the Covid-19
- They still have to work, for long hours with low income. For survival?
- How do they meet their household expenses?

HOW DO THEY MEET THEIR DAILY NEEDS?

Source of expenses of elderly households, 2020



■ Working household members
 ■ Transfer (cash/in kind)
 ■ Investment
 ■ Pension

SourceSusenas 2020

Main sources to cover expenses :

1. From WORK: by the YOLD esp men
2. Transfer, esp women and older men
3. Pension, very minimal
4. Investment, negligible

Work is the most source, even by the oldest old.

ARE THEY HAPPY WITH THEIR RESOURCES?

EVIDENTS FROM SUPAS 2015 (INTERCENSAL SURVEY 2015 BPS)

Type of source of income in Supas 2015

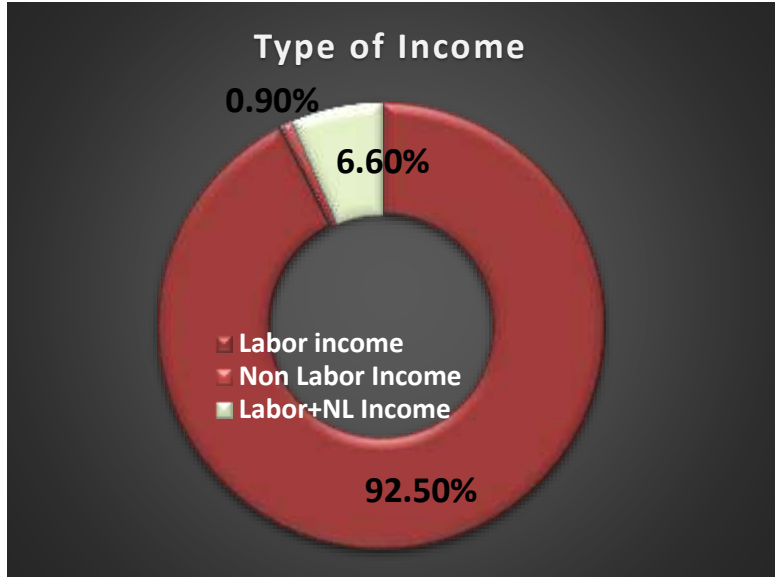
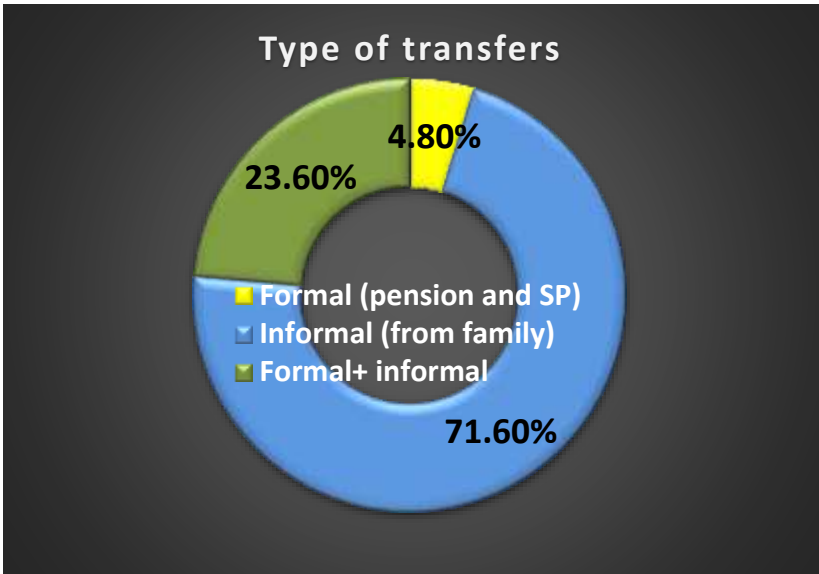
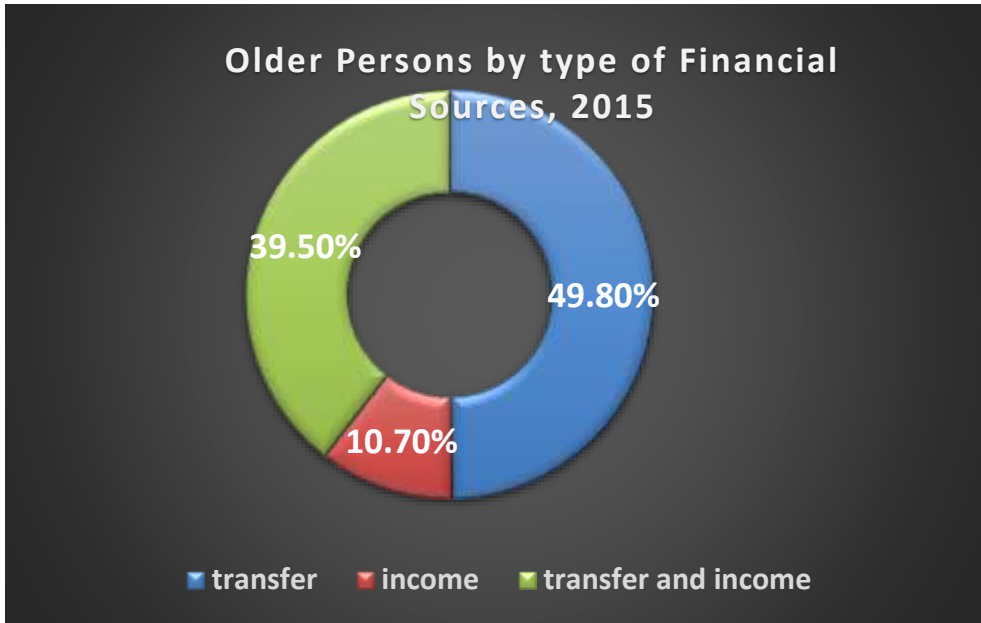
1. From work/ business: wages, salary, remuneration, profit.
2. Pension: a regular payment made during a person's retirement from an investment fund to which that person or their employer has contributed during their working life.
3. Savings, deposits, other assets
4. Investments: bonds, shares
5. Transfers :husbands to wife, children to their elderly, in laws, other family members and other people.
6. Social Protection → public spending.

Can be summarized into 3 categories

- **Income:**
 - Labor income (from work/ business)
 - Non-labor income (Income from any source other than the supply of labor. Passive income. Monetary and non monetary. It includes capital gains, dividends, interest, gifts, prizes).
 - LI + NLI
- **Transfer:**
 - Formal transfer (Pension, Social Protection from the Government)
 - Informal (Transfer from husbands, wives, children/in laws, other family members, neighbors and from others).
 - Formal + Informal
- **Both Income and Transfer**

Source: Sanjaya 2016

Source: derived from
Supas 2015 by
Sanjaya 2016



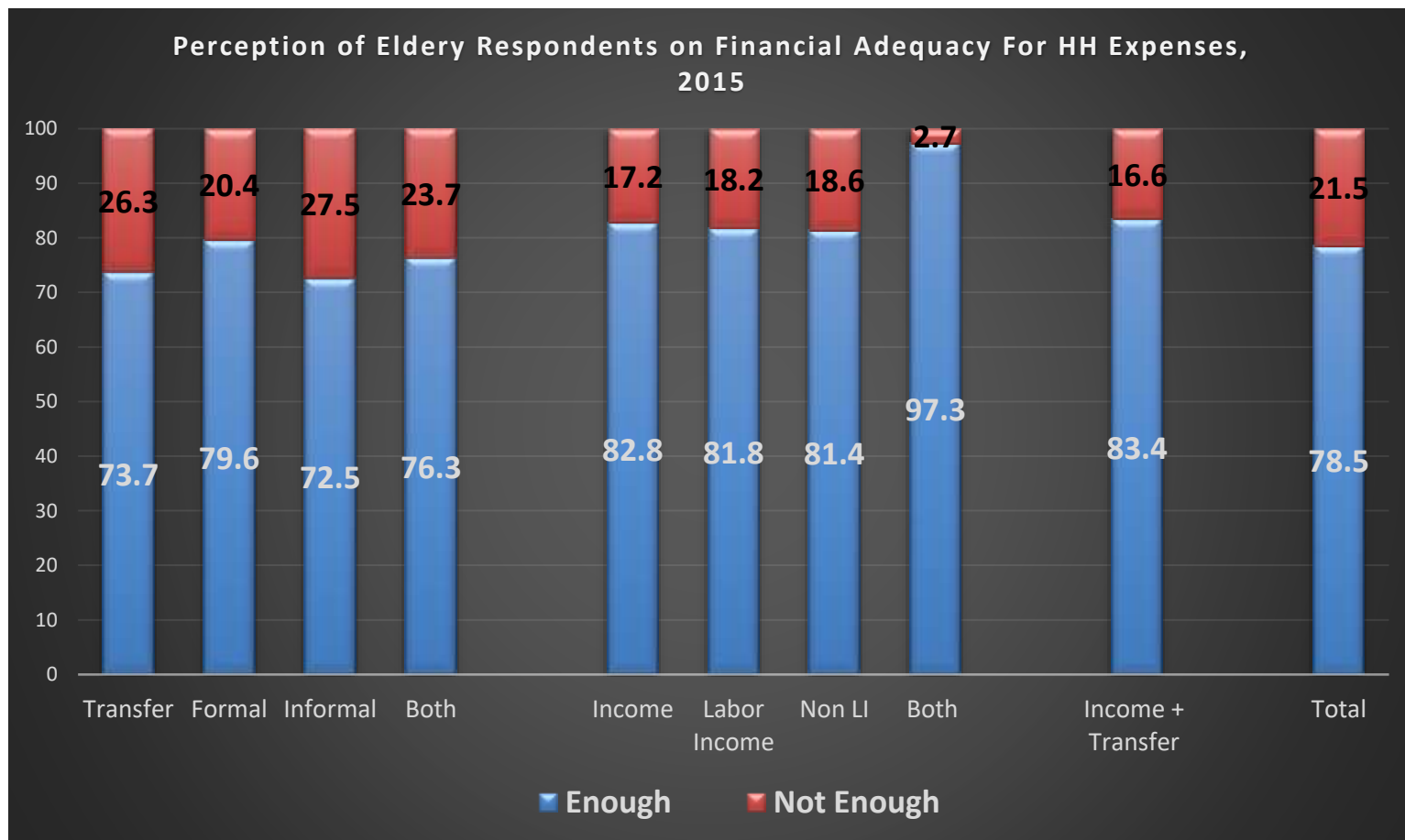
Summary

1. Nearly half of respondents (49,8%) acquired resources from transfer, they are: **Formal** transfer (pension, SP) 4% ; **Informal transfer (71.6%)** (from children, grandchildren, in laws or other families); 23.6% from both formal and informal transfer.
2. About 10.7% have **income**: from work (labor income) 92.5%; non-labor income (0.9%); from both (6.6%).
3. About 40% transfer and income.
4. **Thus: A large number of elderly depends on informal transfer to cover their expenses.**
5. **→ need to expand coverage of social protection for older persons. So that the can enjoy quality of life.**

Supas 2015

**ARE THESE ENOUGH TO COVER
THE EXPENSES?**

Perception of Elderly Respondents on Their Financial Adequacy to Cover Expenses, 2015



Elderly who said that their sources are NOT ENOUGH.

- Overall 78.5% said **enough**, and 21.5% **NOT-ENOUGH**
- They are whose resources come from informal transfer, **27.5% said not enough**
- Those whose resources are from work, **17.2% said not enough.**
- Even those whose resources are both from transfer and from work, **16.6% said not enough.**
- Conclusion: about a quarter of elderly (16-27%) **need other source** to cover their basic needs.
- Social Protection for Older Persons is the answer → **income security for older persons?**

A large number of elderly said their resources are enough. Is this true?


- This is **subjective measure** . Percieved income is often used to measure adequacy of resources to meet daily needs, subjective economic well being, financial satisfaction (Sanjaya 2016 from Li, Chi, & Xu, 2011, Hazelrigg & Hardy1997, Stoller & Stoller 2003).
- In Supas 2015, those who said their sources are **enough** are: **male, the young old, high-school education, healthier, live with family.**
- Contrary: who said that their sources are **not enough** are: those who with lower education, oldest old, elderly women, live with others other than family
- Consistent **with objective measure** is poverty rate, elderly who said their sources are **not enough, come from the 11% person who live under the poverty line** (see slides above).

Note: Informal transfer is not secure

- A high percentage of elderly depends on informal transfer.
- But, informal transfer is uncertain about how much and when the older persons receive it
- Informal transfer is voluntary (not compulsory) by the giver. No guarantee that older persons will receive the same amount of transfer in the coming months.
Sustainability of transfer is questionable.
- Informal transfer depends on affordability, financial situation of the giver. Example: Covid-19 impacted job and income loss by the giver.

Richard Jackson , Global Ageing Institute 2015

EVIDENCE FROM OTHER STUDY



From Challenge to Opportunity

Wave 2 of the East Asia Retirement Survey

Richard Jackson
President
Global Aging Institute

University of Indonesia
Jakarta
September 2, 2015

Gap.GlobalAgingInstitute.org

GAI Global Aging Institute

- 1st wave 2011 China, Hongkong, Malaysia, Singapore, South Korea, Taiwan.
- 2nd wave 2014 plus Indonesia, Thailand, Philippines, Vietnam,
- Respondents: age 20+ retired main earners and today's main earners
- Asked about their general attitudes toward retirement as well as their experience and expectation
- Current retirees were asked about their current retirement. Current workers were asked about retirement expectation

THE FUTURE OF RETIREMENT IN INDONESIA

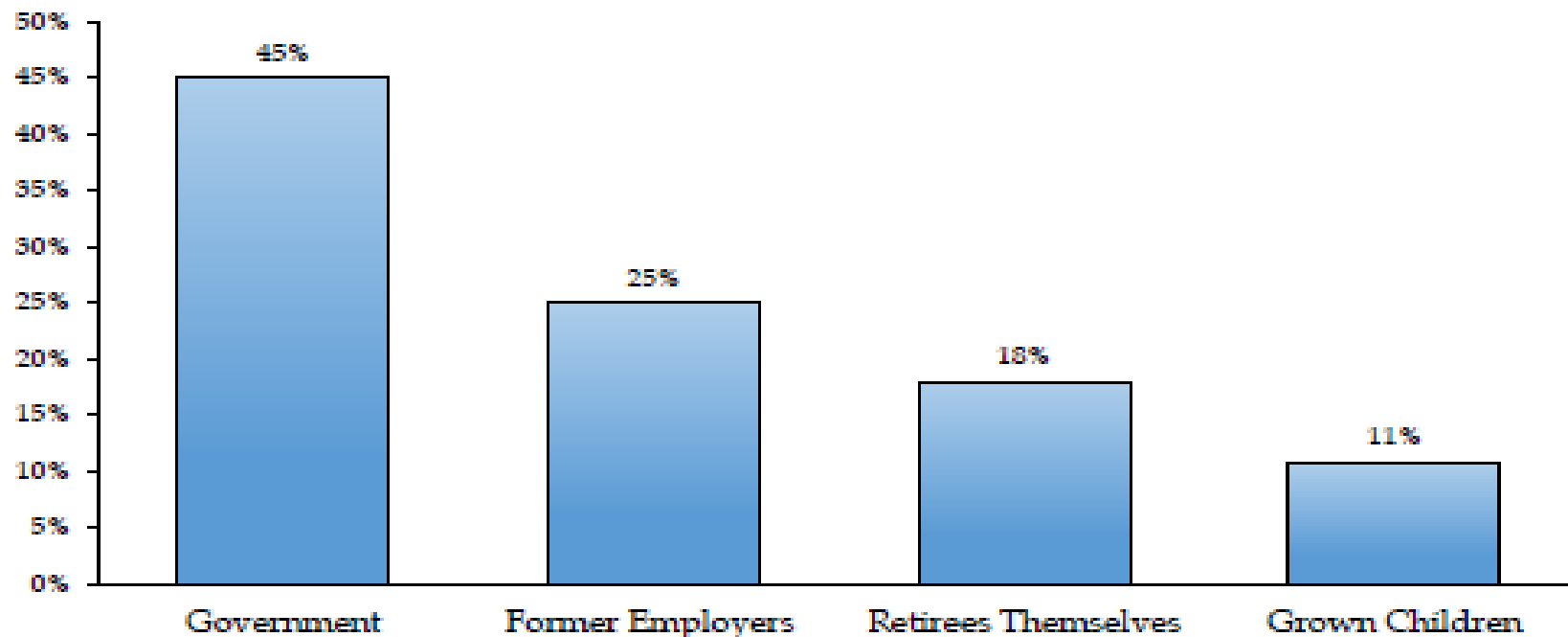
Declining expectation of family-centered retirement security

- Only 11% of respondents said that grown children or other family members are responsible for providing **income to retired** people; and 32% said for providing **personal care** of the retired people
 - Thus the traditional of family-centered retirement security and care are deteriorating (by 89% and 78% respondents said other than family)
 - 25% of retirees and 12% of today's workers expect to be **less dependent** on the family than today's retirees are

Who should replace the role of the family?

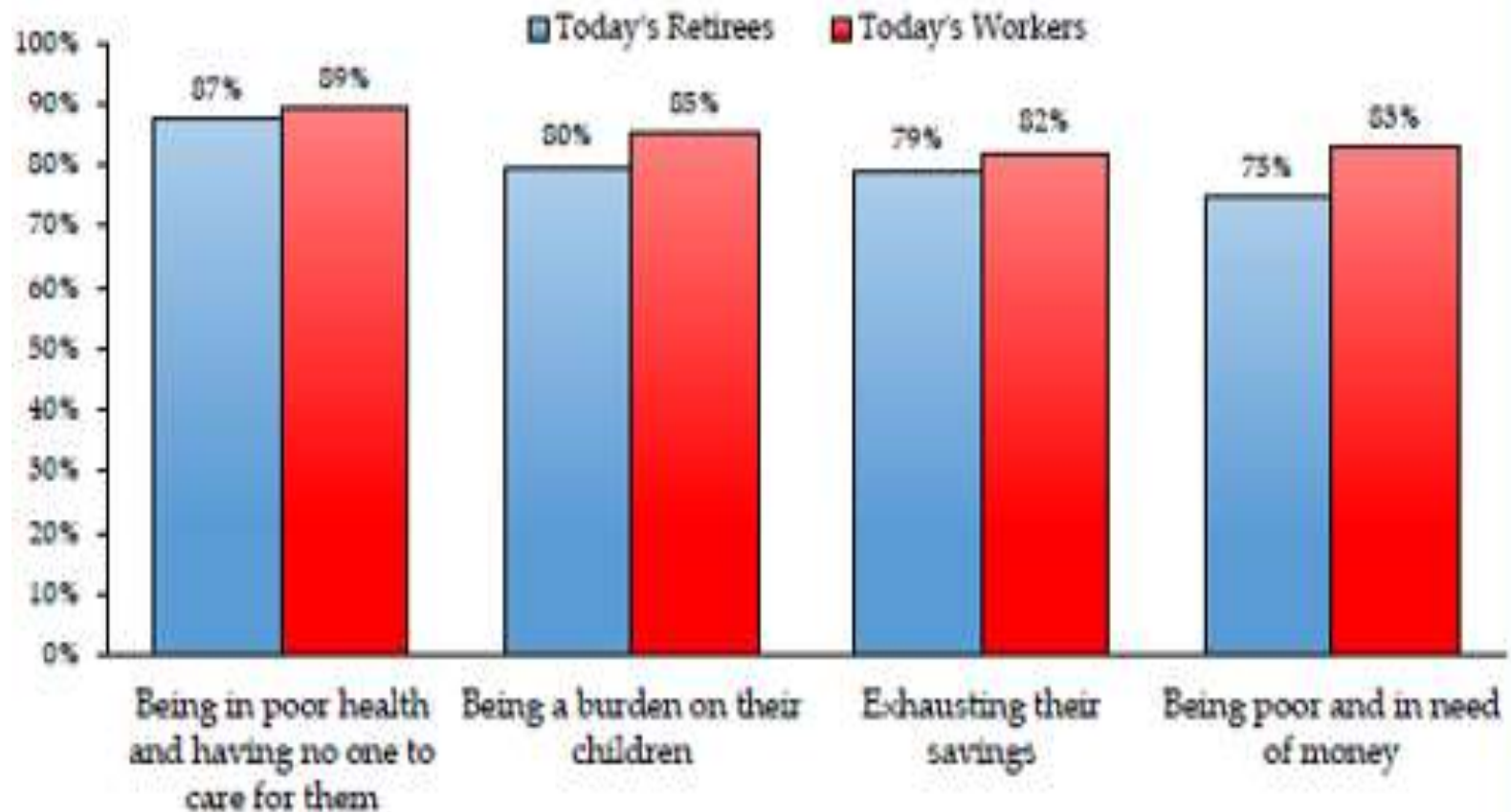
- 18% of respondents expect **'the retiree themselves through their own savings'**, while 45% expect that ideally **Government is responsible** for providing income to retired people, replacing the role of the family.
- **Rich countries** under study, show higher % of respondents expect income after retirement **through their own saving. Lower income countries** expect the **Government provides income security.**
- **Social protection is highly needed in low income countries**

Indonesia: Almost half of respondent expect government is responsible for income security for the retired people.



Very few Indonesian can count on asset income in retirement. Expecting income from financial assets, insurance, bonds, annuity policies (11% of the retiree and 18% of today's workers)

Reasons for retirement security



EXISTING SOCIAL PROTECTION

The current social protection

- Social Protection
 - Social Insurance (JKN- social health insurance: BPJS (contributory and non contributory), Jamkesda – managed by local government)
 - Social Assistance (Bansos: PKH, BPNT-Bantuan Pangan non Tunai)
- KKS (Kartu Keluarga Sejahtera) electronic card through which the BNPT *sembako* can be bought from the selected e-warung, or through
- KPS (Kartu Perlindungan Sosial) for those with PMKS (Penyandang Masalah Sosial)
- Those are not targeted to only the older persons

For workers/retiree

- Employment social insurance (BPJS Ketenagakerjaan)
- Old age insurance
- Injury social insurance
- Death insurance
- Severance money (Pesangon PHK)
- Pension for pensioners of government apparatus, state enterprises, ex-military corps and veterans
- Pension

Older persons with health insurance ownership (%)

The type of health insurance	% Older population	Household Expenditure		
		40% lowest	40% middle	20% highest
Social Health Insurance (JKN)	73.58	68.16	73.36	83.94
BPJS PBI (non-contributory)	44.59	54.94	43.67	23.21
BPJS Non-PBI (contributory)	23.16	8.63	23.71	54.59
Jamkesda (local health insurance)	9.24	9.37	9.42	8.63
Private insurance	0.44	0.11	0.21	1.6

1. Almost three quarter of older persons own social health insurance
2. Only 23.2 percent are able to pay contribution
3. Others 44,59% the insurance is paid by the government (PBI)
4. Including those with middle expenditure and the richest
5. Need to re allocate the PBI toward the poorest (40% lowest expenditure).

Source: BPS, Statistik Penduduk Lansia 2020

Older persons with health insurance ownership (%)

The type of health insurance	Residence		Gender		Disability status	
	Urban	Rural	Male	Female	Disabled	Non-Disabled
Social Health Insurance (JKN)	78.92	67.59	74.2	73.06	71.76	73.86
BPJS PBI (non-contributory)	40.27	49.44	43.8	45.27	47.92	44.09
BPJS Non-PBI (contributory)	32.89	12.21	24.3	22.1	18.27	23.89
Jamkesda (local health insurance)	8.79	9.75	9.32	9.18	8.99	9.28
Private insurance	0.69	0.15	0.48	0.4	0.21	0.47

1. Rural older persons and older women enjoy PBI
2. The disabled older persons need more attention
3. But universal health insurance should be strongly imposed

Source: BPS, Statistik Penduduk Lansia 2020

Older-person Beneficiaries of Social Assistance March 2020

Percentage of elderly households beneficiaries of social assistance (%)

The type of social assistance	Elderly households	Residence		Household expenditure		
		Urban	Rural	40% lowest	40% middle	20% highest
KPS/KKS (owned)	13.59	11.03	16.48	20.06	11.26	4.31
BPNT (ever received)	18.99	14.5	24.06	29.5	15.37	3.59
PKH (still registered as beneficiaries)	11.3	8.18	14.48	18.4	8.12	1.48

Source: BPS, Statistik Penduduk Lansia 2020

Note: There are other social assistance managed by MOSA such as ASLUT, but very small in number

NOTES:

- Figures in the above slides shows the coverage of social protection among older persons in 2020.
- But, those programs are national programs. In which older people are included. But they are not exclusively focused and targeted for older persons.
- Further no income security is shown, except Bantu LU (before was ASLUT) which is imbedded in PKH beneficiaries.
- Which is under lots of discussions.

Asistensi Lanjut Usia (ASLUT) → Bantu LU

- ASLUT was developed in 2016, in 2019 changed to Bantu LU.
- Distributed to older persons not potential as well as potential but who are living alone, or with spouse only and living in non PKH beneficiaries. Age 70+.
- The amount of cash transfer Bantu LU is Rp2,400,000 a year (Rp200,000 a month)
- Coverage 30,000 beneficiaries age 60+ who live with the family. **What about the 14% of older women who live alone?**
- In 2020 Bantu-LU increased to Rp2,700,000 (Rp Rp1,500.000 for the older persons, Rp500,000 to support the family who takes care of their elderly, and Rp700,000 for health and social care. (Source: discussions with official from MOSA)

The future of elderly's income protection

GOVERNMENT COMMITMENT

National Strategy on Ageing (STRANAS)



1. PerPres 88/2021. Strategi Nasional Kelanjutusiaan
2. Vision: Independent Ageing, Prosperous and Dignity
3. 5 Pillars
4. Pilar 1 includes (income security (Jaminan Pendapatan))
5. Not yet specified about the type of income security (under preparations).

Source: Bappenas

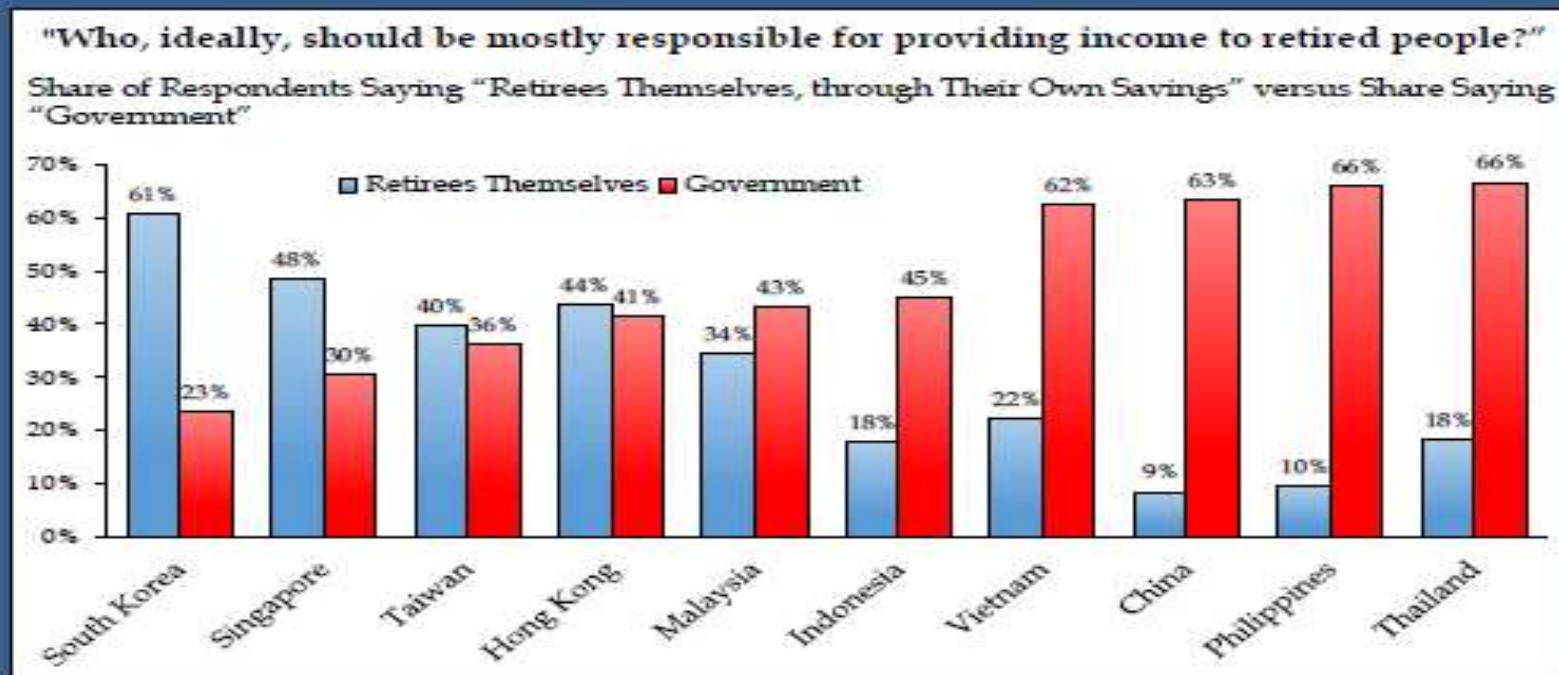
Under Discussions: Income Security for Older Persons

- How to implement the PerPres 88/ 2021, the STRANAS
- Committed to develop income security → in the form of grant (social assistance).
- Need to decide: start at what age? 70 years, amount of the grant, and coverage (number of beneficiaries)?
- Challenges, fiscal space has limitation while at the same time the number of older people in Indonesia is increasing rapidly.

JANGAN TUA SEBELUM KAYA
avoid growing old before getting rich

High % respondents from high income countries depends on their own saving upon retired.

Views differ greatly across East Asia about who should replace the family as guarantor of retirement security.



The Proposed Road Map Toward Income Security for the Retirees



Argentina, Brazil, Cabo Verde, China, Kyrgyzstan, Maldives, Afrika Selatan, Thailand, Trinidad dan Tobago telah 100% memberikan perlindungan sosial bagi lansia baik melalui skema kontribusi maupun skema non-kontribusi (ILO, 2018)

THANK YOU
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