



Social Security Research: Impacts of Ageing Population in Malaysia

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Outline

- 1) Population Ageing in Malaysia.
- 2) Social Security Research Centre.
- 3) Research Projects.
- 4) Activities/Events.
- 5) Research Output.

Population Ageing in Malaysia

Population of Malaysia

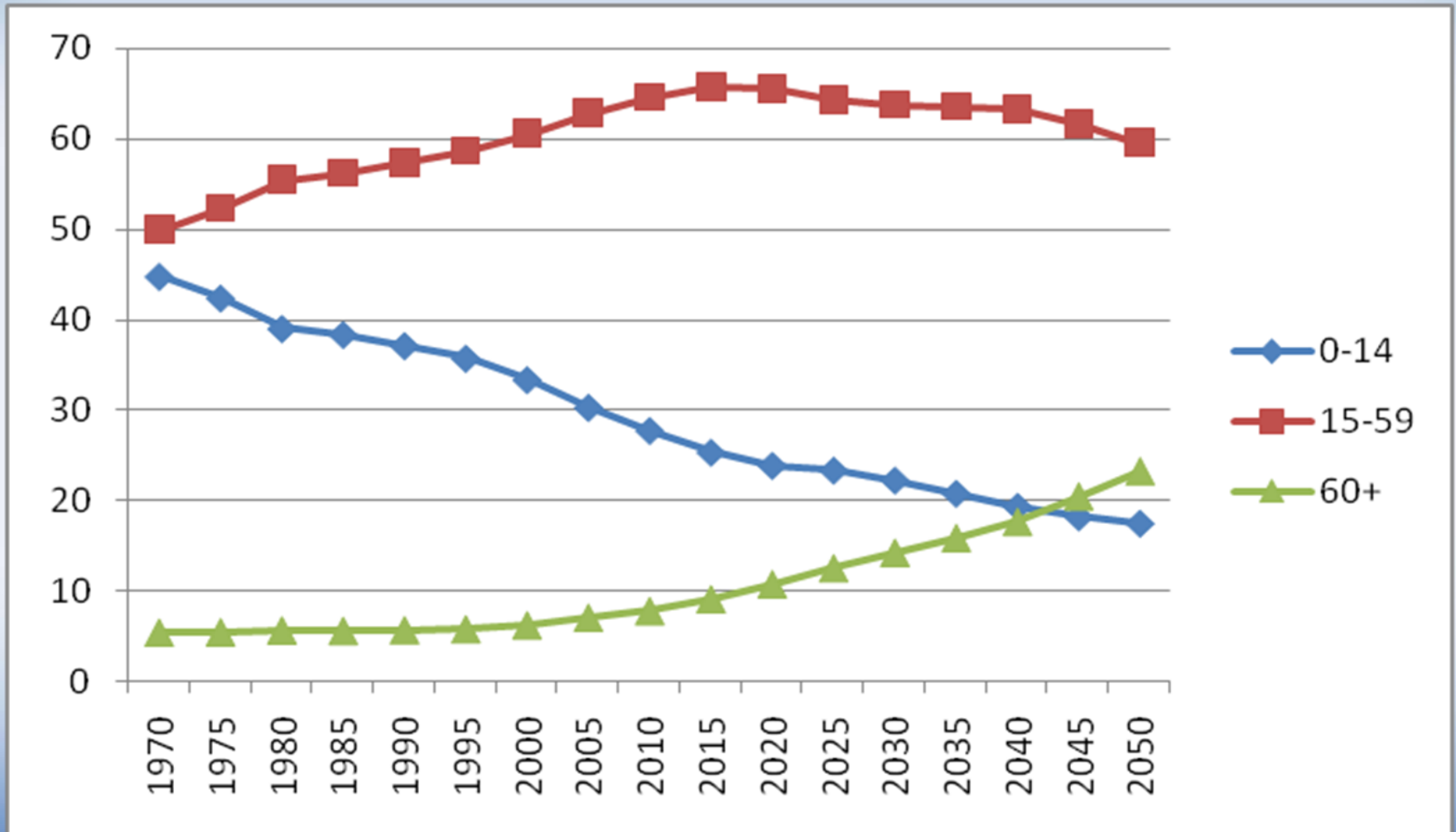
2010		28.3 m
2014		30.2 m
2030	->	37.0 m {projected}
2050	->	40.0 m {projected}

Age distribution of the population (number '000, and percent)

	0-14	15-59	60+	0-14	15-59	60+
1970	4885	5436	587	44.8	49.8	5.4
1980	5394	7663	776	39.0	55.4	5.6
1990	6756	10428	1028	37.1	57.3	5.6
2000	7803	14169	1449	33.3	60.5	6.2
2010	7828	18256	2193	27.7	64.6	7.8
2020	7818	21519	3520	23.8	65.5	10.7
2030	8167	23461	5218	22.2	63.7	14.2
2040	7668	25176	7006	19.2	63.2	17.6
2050	7315	25050	9747	17.4	59.5	23.1

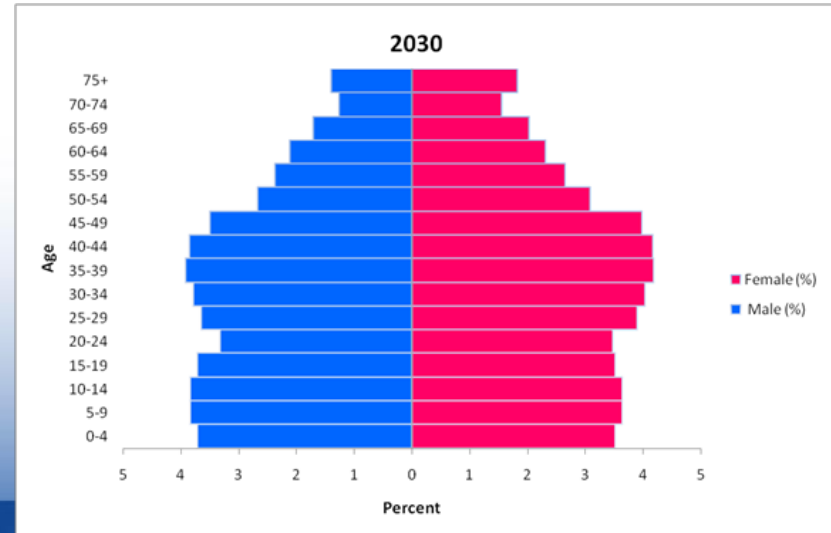
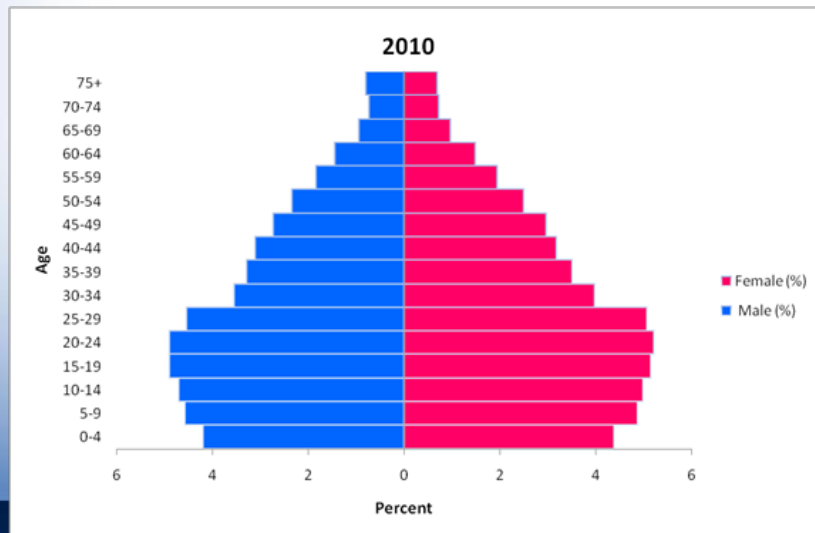
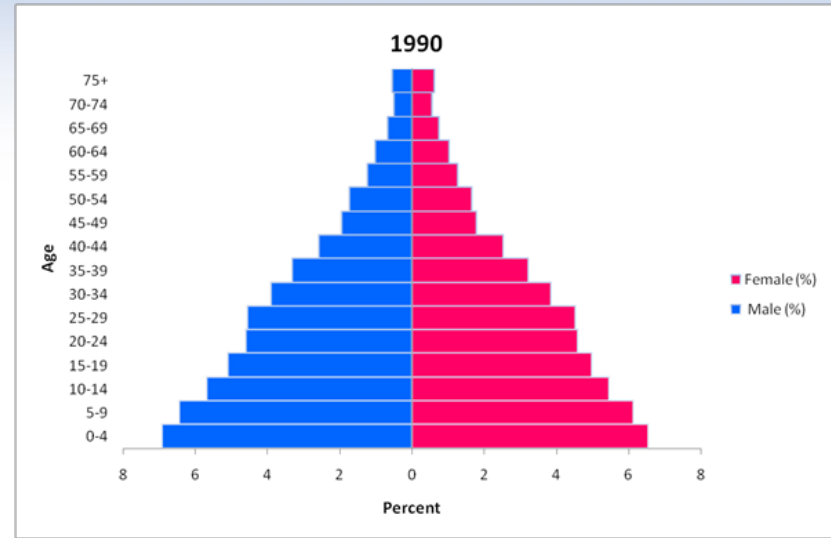
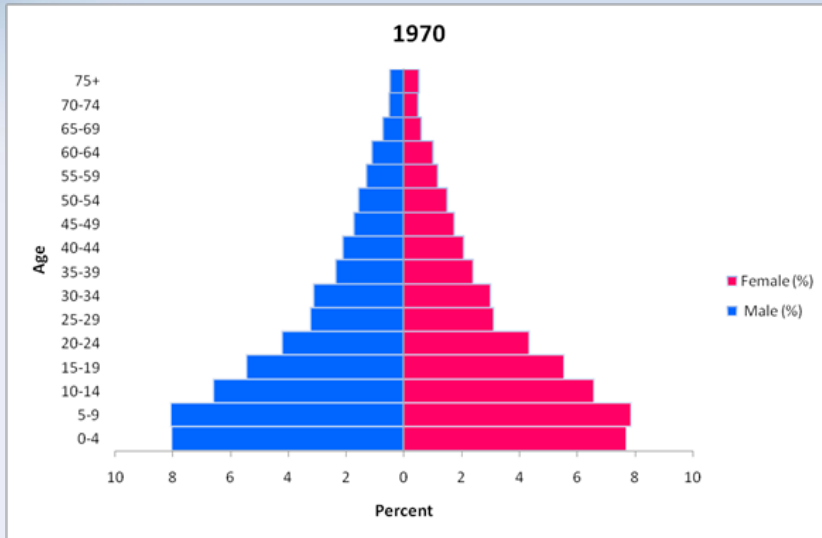
- Demographic transition from high to low mortality and fertility has resulted in the reduction of the proportionate share of population aged below 15 from 45% in 1970 to 28% in 2010 and projected to fall to 17.4% in 2050.
- Increase of the population aged 60 and over from 5.4% in 1970, to 7.8% in 2010 and 23.1% in 2050.
- By 2040, population aged 60 and over will almost equal those aged below 15 (19.2% versus 17.6%), but the proportion of the older population will exceed the young population in 2050 (23.1% versus 17.4%).

The Changing Age Structure, 1970-2050

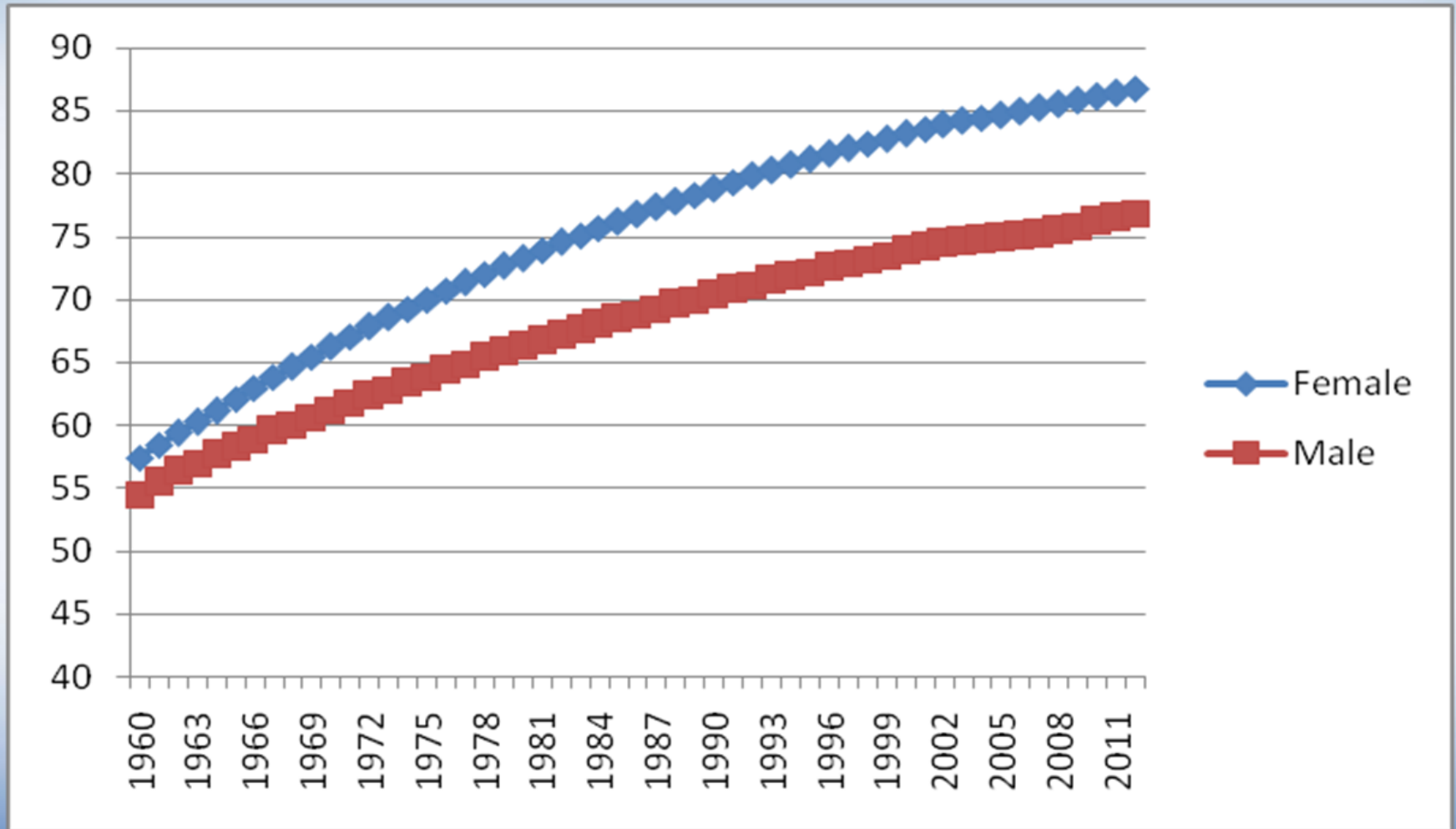


- The proportion aged 60 and over will criss-cross the young population aged below 15 around 2045, and will surge ahead beyond that.
- The proportion aged 15-59 will begin to descend after 2020, resulting in rapid increase in old age dependency burden.

Population pyramid, Malaysia, 1970-2030



Percent surviving to age 65



- As a result of the low mortality level, more and more people are surviving up to age 65 and beyond.
- The proportion of males and females surviving to age 65 has increased from about 53% and 57% in 1960 to 72% and 87% respectively in 2010.

Life Expectancy

- Life expectancy at birth (years):

	1970	2005	2013
Male	61.6	71.4	72.6
Female	65.6	76.2	77.2

Life Expectancy & Retirement

- Assuming the mandatory retirement age remains unchanged, at 60 years, increase in life expectancy means longer time spent in retirement -> varying consequences/ challenges for social protection system.

Socio-economic Consequences

- Rise in old age dependency burden – on the state and the families.
- Rising pension.
- Inadequacy of social security schemes.
- Need for financial planning.

Socio-economic Consequences

- Socio-demographic changes and migration
 - reduced co-residence and eroded traditional family support system for the elderly.
 - rising number of abandoned aging parents

Social Security

In 2007, 50 percent of the labour force of the general population of Malaysia aged 55-59 years, & 63 percent of those aged 60-64 years were categorized as unpaid family workers with no social safety net (Masud & Haron, 2014).

Risk of Poverty

- Without a comprehensive social security system, it is estimated that only one-third of those in Malaysian labour force will have some level of financial security in their old age.
- The problem would be more pronounced among the elderly women because they live longer and are more likely to be living alone.

Social Security Research Centre (SSRC)

- ❖ Established in March 2011 at the Faculty of Economics & Administration, University of Malaya.
- ❖ Funded by endowment fund from the Employee Provident Fund (EPF).

Objective

- ❖ To carry out research, teaching and dissemination of evidence-based knowledge in the area of social security including old age financial protection.

Old Age Financial Protection Chair (OAFPC)

- ❖ Endowment Fund from EPF
- ❖ OAFPC has the over-riding objectives to help formulate policies to promote better social security and improve old age financial protection, and to help formulate policies to promote economic growth in an aging society for consideration by the Government of Malaysia.

Completed/Current Research Projects

1. Stock Take on Players, Available Products and Databases on Social Security in Malaysia.

Objectives:

1. To provide an overview of social security in Malaysia.
2. To map out available products and players of social security in Malaysia.

2. Closing the Coverage Gap for Old Age Protection in Malaysia: The case for Universal Pension

Objectives:

1. To analyze the more effective scheme (social assistance through welfare cash transfer cash transfer or social pension) as a safety net against poverty in old age.
2. To calculate the cost-benefits of implementing social pension scheme in Malaysia under various social pension scheme categories.
3. To project retirement benefits under social pension and other retirement schemes.

3. The Welfare of the Elderly: Yesterday, Today and Tomorrow

Objectives:

1. To profile the socio-demographic pattern of the Malaysian elderly.
2. To investigate the poverty level of households living with elderly and elderly poor.
3. To examine factors influencing the living arrangement of the elderly.
4. To evaluate the factors influencing elderly's decision to continue working after retirement.

4. Saving Adequacy Among Retirees in Malaysia: Issues and Options

Objectives

1. To examine saving adequacy among Malaysian retirees.
2. To analyze factors that affects saving adequacy among Malaysian retirees.
3. To investigate the sources of post retirement income among Malaysian retirees and its relationship with savings adequacy.

5. EPF Data Sample: Cleaning, Processing and Initial Analysis

Objectives:

1. To process a dataset of 30,000 EPF members historical transactions record into simpler format for research purposes.
2. To reduce the complexity of the data from a large dataset into more manageable size and understandable format.
3. To explore the social-demographic, economic characteristics and financial records of members in the dataset.

6. SOCSO Database: Employment Injury, Benefits & Compensation, Return-to-Work

SOCSO Return-to-Work (RTW) Database

Objectives:

1. To examine patterns of employment injury and re-employment since the introduction of RTW program in 2007;
2. To explore the economic impact of RTW using cost-benefit analysis;
3. To evaluate the qualitative aspects of RTW among the successful employees;

Upcoming Research Projects

1. Understanding Ageing and Retirement in Malaysia: An Exploratory Study
2. Factors affecting decision to plan financially for retirement
3. Explanations for the low levels of financial accumulation in EPF accounts for most contributors

Upcoming Research Projects

4. Post MDGs and Beyond: Lessons and policy challenges for Malaysia and ASEAN countries
5. A regional study on social protection coverage: ASEAN countries

Activities of SSRC - 2015

No.	Activity
1.	A Follow-up Workshop on the EPF Data Sample: Structure, Content and Analyses.
2.	A Talk on "Survey of Health, Ageing and Retirement in Europe (SHARE)".
3.	Public Lecture: "Addressing Longevity Risk through Private Annuities: Issues and Options".
4.	A Lecture to Postgraduate Students by Professor Robert Holzmann.

Activities of SSRC - 2015

No.	Activity
5.	Movie Screening - SSRC Creative Learning . “Cocoon”.
6.	Movie Screening - SSRC Creative Learning . “A Walk in the Clouds”.
7.	Movie Screening - SSRC Creative Learning . “The Best Exotic Marigold Hotel”.

Activities of SSRC - 2014

No.	Activity
1.	Second International Conference on Social Security (ICSS 2014) "Social Dimensions of Economic Development and Productivity: Lessons, Challenges, and Opportunities For South East Asia.
2.	Social Security and Pension Policy Executive Discourse.
3.	Movie Screening - SSRC Creative Learning . "A Touch of Spice"
4.	Workshop on "Managing Financial Capability and the Effectiveness of Interventions."

Activities of SSRC - 2014

No.	Activity
5.	Movie Screening - SSRC Creative Learning "Quartet".
6.	Workshop on "Public Sector Governance for Private Sector Led Growth - Input for RMK-11."
7.	Workshop on the EPF Data Sample: Structure, Content and First Analysis.
8.	A Lecture to Postgraduate Students by Professor Robert Holzmann: The Middle Income Trap, Labour Markets and Pension Policy.

Activities of SSRC - 2013

No.	Activity
1.	Personal Financial Management Workshop.
2.	Public Lecture: "Population Aging and Retirement Income Systems - Issues, Choices and Selection."
3.	Personal Financial Management Workshop.
4.	Roundtable Discussion on Social Security Reform in Malaysia.
5.	Training Workshop for EPF Executives: "Introduction to Social Protection - Objectives, Instruments and Implementation."
6.	Seminar and Book Launch: "Matching Contributions for Pensions - A Review of International Experience."

Research Outputs

Published Works

Year	Author	Title	Source
2015	Saidatulakmal Mohd, Norma Mansor, Halimah Awang & Shamsulbahria h Ku Ahmad	Population Ageing, Poverty and Social Pension in Malaysia	In Tey Nai Peng, Cheong Kee Cheok & Rajah Rasiah (eds), Revisiting Malaysia's Population and Development Nexus: The past in its future, Faculty of Economics & Administration, 155-174.
2014	Robert Holzmann & Johannes Koettl	Portability of Pension, Health and Other Social Benefits: Concepts, Facts, Issues	CESI of Economic Studies: Oxford Journals, First Quarter: 1-39.

Published Works

Year	Author	Title	Source
2013	Robert Holzmann	An Optimistic Perspective on Population Ageing and Old-Age Financial Protection	Malaysian Journal of Economic Studies (MJES), 50(2): 107-137
2013	Norma Mansor and Suhaimi Abd Samad	Population Ageing and Social Protection in Malaysia	Malaysian Journal of Economic Studies (MJES), 50(2): 139-155
2013	Robert Holzmann	Global Pension Systems and Their Reform: Worldwide Drivers, Trends and Challenges	International Social Security Review, 66(2): 1-29

Working Paper Series

Year	Author	Title	Source
2014	Soh Chee Seng	Social Security: Challenges and Issues	SSRC Working Paper No. 2014-1
2014	Norma Mansor, Sharifah Nabilah Syed Salleh, Tan Lih Yoong, Evangelos Koutronas & Sarala Aikanathan	Social Security in Malaysia: Stock-take on Players, Available Products and Databases	SSRC Working Paper No. 2014-2
2014	Robert Holzmann	Old-Age Financial Protection in Malaysia: Challenges and Options	SSRC Working Paper No. 2014-3

EXGA6314 Social Protection

COURSE FOR

**Master of Economics Degree Programme
Faculty of Economics and Administration,
University of Malaya**

References

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- Masud, J. And Haron S.A. (2014). Income disparity among older Malaysian, *Research in Applied Economics*, Vol.6, No. 2. Doi:10.5296/rae.v6i2.5578
- Park, D. And Estrada G.B. (2012). Developing Asia's pension systems and old-age income support, ADBI Working Paper Series No: 358. Tokyo: Asian Development Bank Institute.

Thank You