International Conference on Social Protection for the Elderly

Selasa, 22 May 2018
Jakarta, Indonesia
National Strategy
Towards an Independent, Prosperous and Dignified Ageing Population Society

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Ministry of National Development Planning / Bappenas
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OUTLINE

• Elderly and Poverty
• Fulfilment of Elderly Needs
• Pension Plan
• National Strategy on Ageing Population / Elderly
The elderly (60+) population reached 10% by 2021

- Indonesia is a country that will enter the era of aging population (ageing population)
- Number of people aged 60 years and over that has exceeded 8.5% in 2015 and 10% in 2021
- By 2045, the elderly population reaches 57 million people and contributes about 3% of the world’s elderly population

Source: BPS, SUPAS 2015, UN Population Projection 2017 Revision
With a relatively low level of education, the elderly vulnerable to falling into poverty

- The poverty rate of the elderly is relatively higher than in the last two years:
- (a) lack of skills (low level of education) to get a good job after retirement, (b) have no pension, (c) not getting family support.
Elderly Give More to Younger Generation

- Within years, there are more role of government in social assistance transfers for the elderly (65+).
- In 2012, government transfers meet about 8% of the consumption needs of the elderly.
- There is a tendency of the elderly to provide support to the younger generation.
- Labor income and asset allocation remain an important part to be fulfilled as their needs.

- Starting from 2015, Pension Program and Old Age Savings are mandatory
- Pension Program is only for formal workers
Elderly people still cannot be financially independent

- In general, elderly people still have to work to meet the needs of life
- The half of the poor elderly population needs are still depend on government assistance
- The assistance is then distributed to other family members (intergenerational transfers)
- The non-poor elderly population has divested as a way to fulfill their needs

**The way to Fulfill the Elderly Consumption (60+)**

- Revenue from Assets
- Public Transfers (net)
- Family Transfer (net)
- Working

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Nearly HALF the elderly do not have pension funds

- The pattern of consumption of elderly population shows the level of welfare
- The elderly population in the middle and lower income countries are relatively more vulnerable to poverty
- In countries with adequate pension funds, the poverty rate of the elderly population is relatively lower than the total population \( \rightarrow \) e.g. Latin America
- Coverage of pension funds :
  - Europe and America, retirement coverage reaches up to 90%, Middle East <30%, Asia and Pacific <40%
- Elderly women are more vulnerable with lower pension fund

Per capita consumption age of 60 years and over (relative to consumption 30-49), per age and state income level

*Source: National Transfer Accounts database*
Number of Participants of the Pension Plan, per age, 2017

Sources: BPJS Ketenagakerjaan, Bappenas, proyeksi BPS
Limited ownership of Health Insurance and Old Age or Retirement among the elderly

**Source:** Susenas 2014-2016, processed by Bappenas

**Info:** 1) PBI year 2014 include Jampersal
AGEING IN INDONESIA:

*In 2015, Indonesia grows 2.4% population of the elderly in the world*
Draft of Presidential Regulation:
National Strategy Towards Independent, Prosperous, and Dignified Elderly

- Realizing a healthy elderly population through the strengthening of healthy lifestyle (life-course)
- Institution strengthening focus on the elderly and ageing issues
- To increase the coverage of National Social Security membership
Five Important Factors of Consideration on the Elderly Policy

- Public Awareness on “ageing” should be prepared as early as possible
- Strong institutions are needed to deal with “ageing”
- Social Protection as a national scheme “ageing” safeguarding
- Individual capacity and health need to be prepared for “active ageing”
- Elderly rights as the “development subject”
Ensure that the entire community is financially and skillfully ready to face retirement

Old Age Guarantee (JHT) and Retirement Guarantee (JP) contributions-based

Protection for the vulnerable elderly who are integrated with other social assistance

Premium support for the informal

Targeted Social Assistance

Additional pension for the informal

Old-age Investment: Passive Income and other investments

Social Security System

Social Assistance

Higher Education
Thank you