



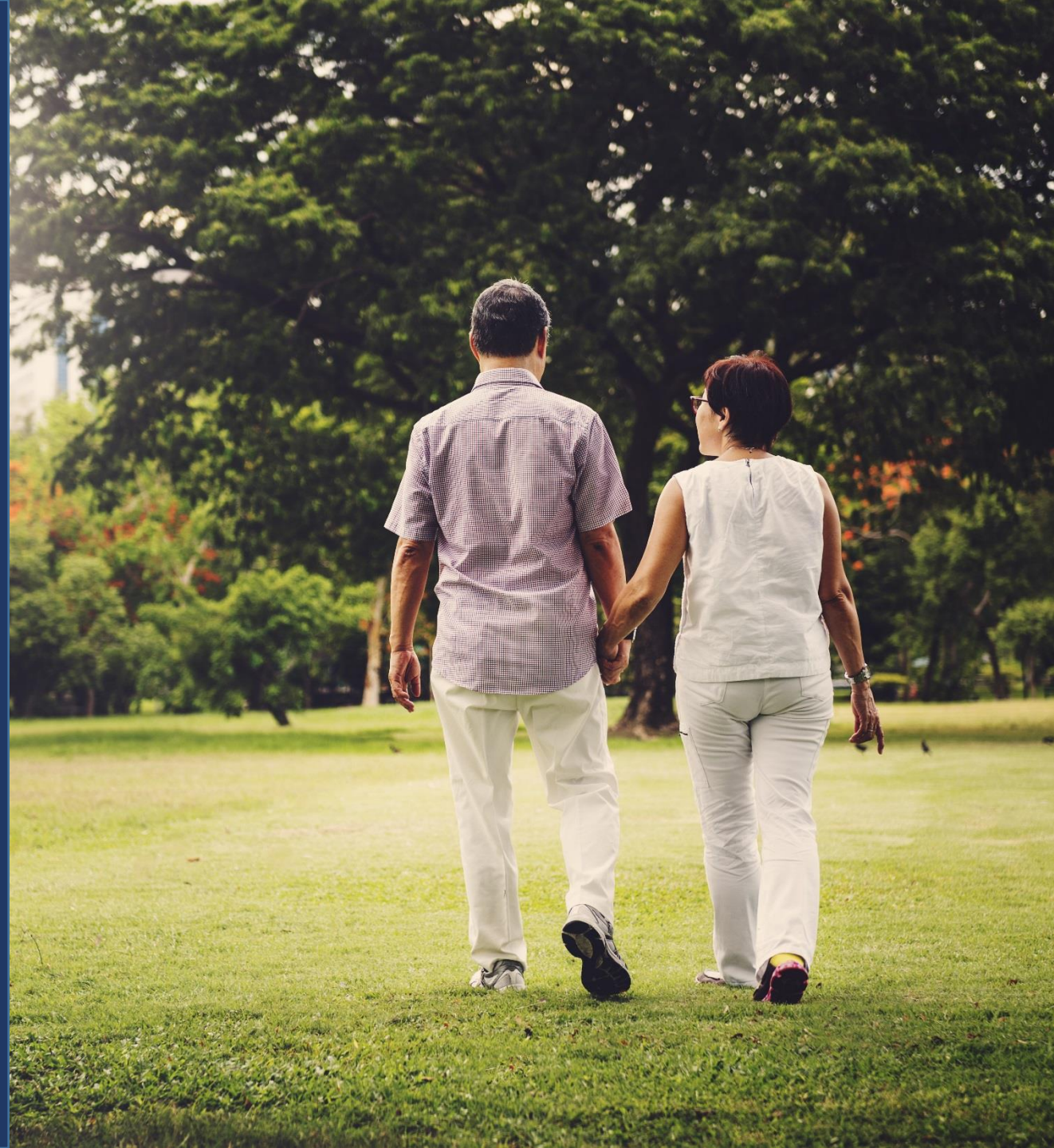
# Aging Population: Global Perspectives

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*Bank of Thailand 2017*

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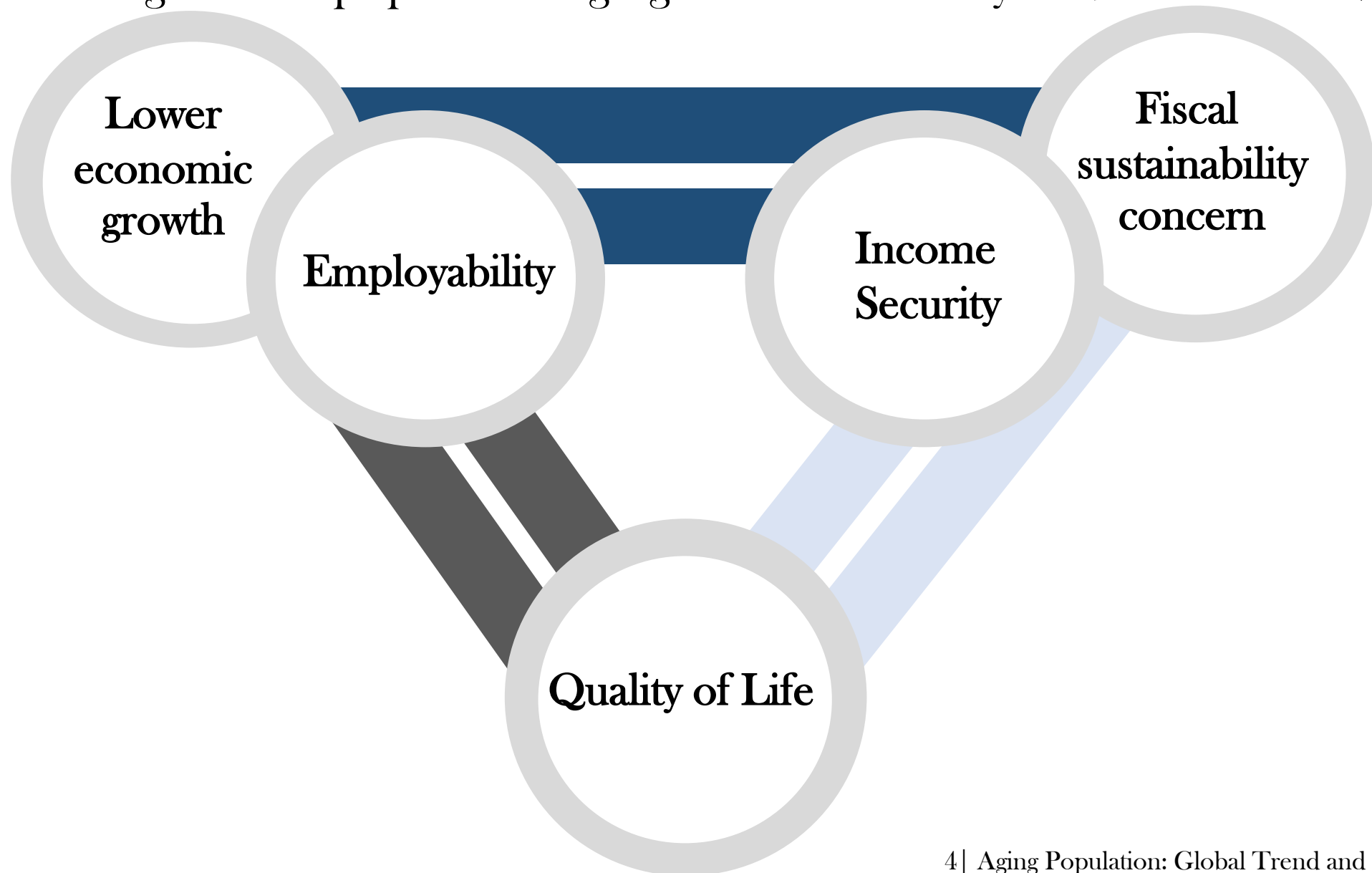




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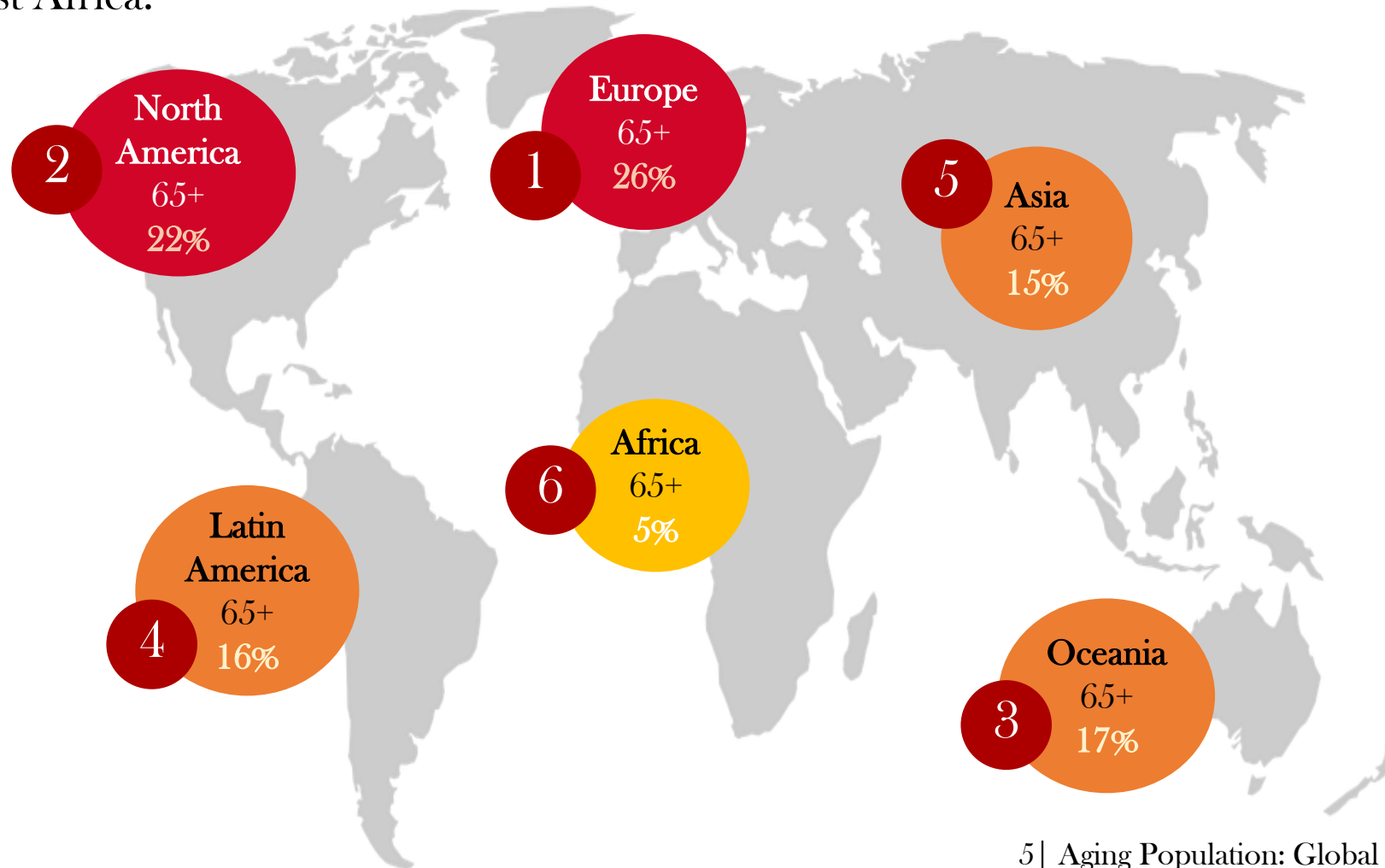
# Global aging trend and Thailand's position

Rising challenges from population aging on the economy and our welfare being



Global society is aging. Asia's ratio of the old is ranked fifth among 6 regions.

Population are aging globally. By 2040, over 14% of global population are 65 years old or above, marking the beginning of global aged society. Regional differentials range from the oldest Europe and North America to the youngest Africa.



## Common causes for global population aging

- Declining fertility reflects a combination of factors, including better education, urbanization, higher wages, access to contraception and government policies.
- The rapid increase in life expectancy is due to improved material well-being, advancement in medicine and better access to health services.
- A considerable number of baby boomers (19 percent of world population<sup>1</sup>) are aging concurrently, fastening the pace of global aging process.



Low Fertility

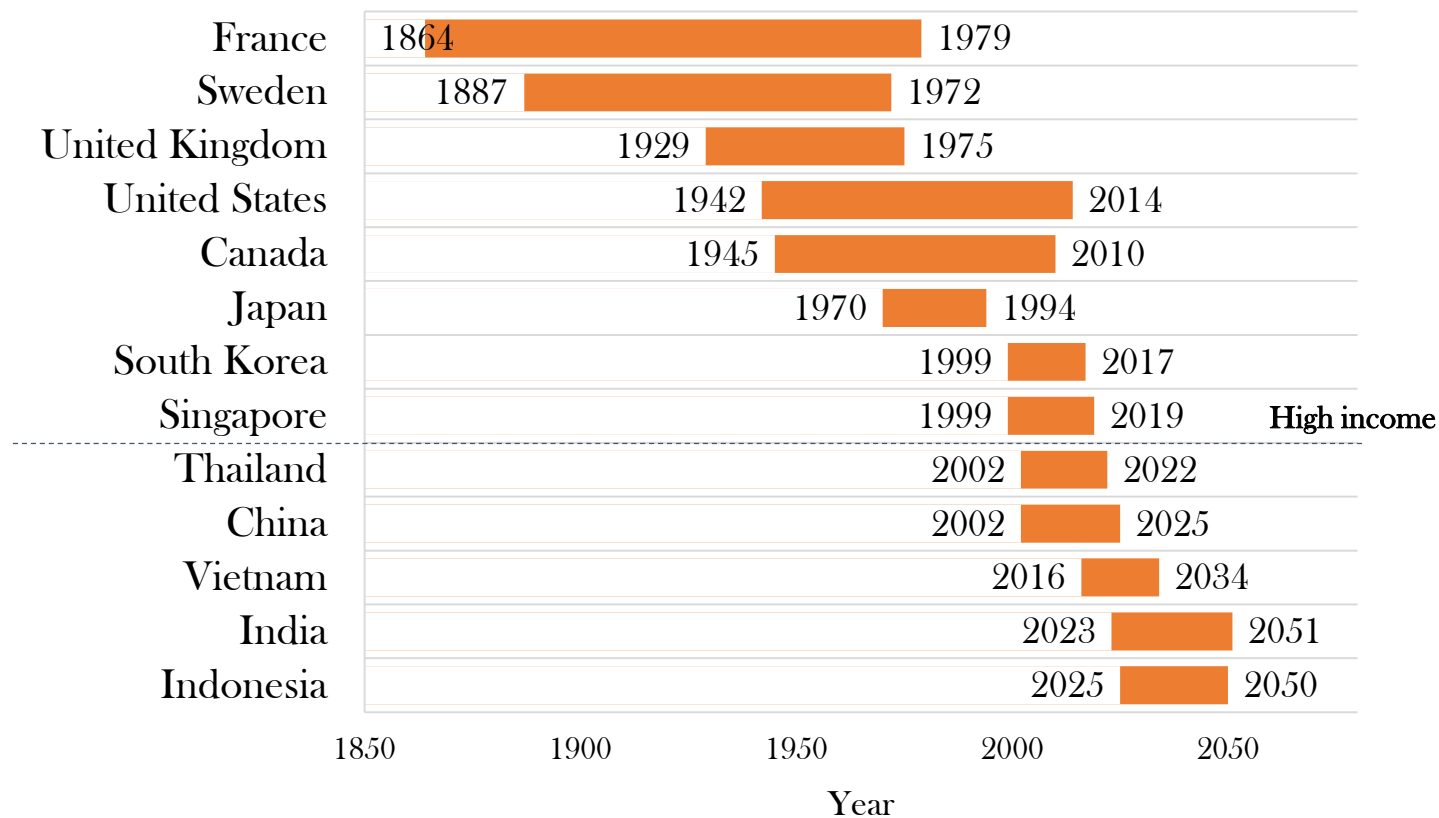


Longevity

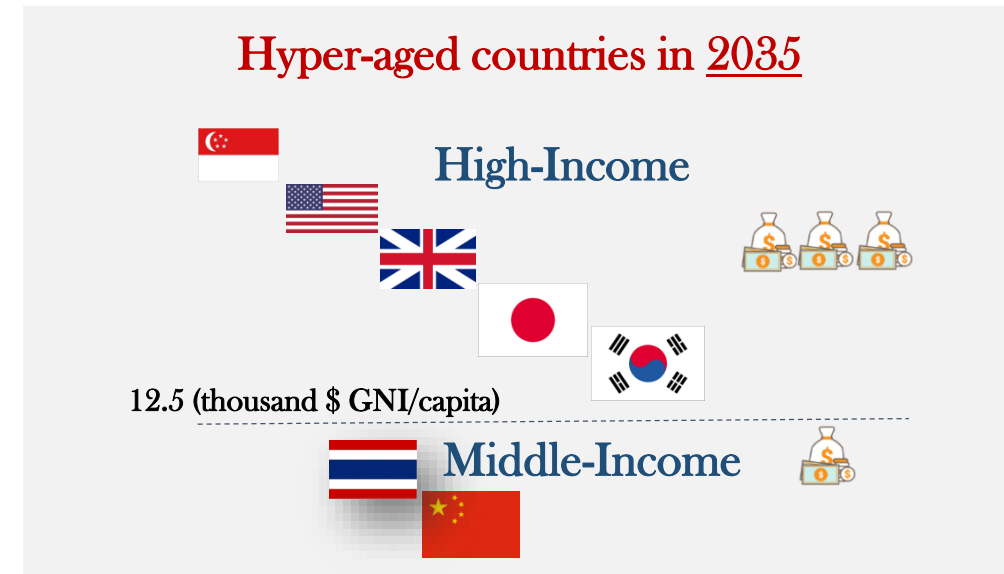


Baby Boomer

While countries have taken 18-115 years to transition from “aging” to “aged” society, Thailand is taking only 20 years, the fastest and earliest developing country to become aged society.



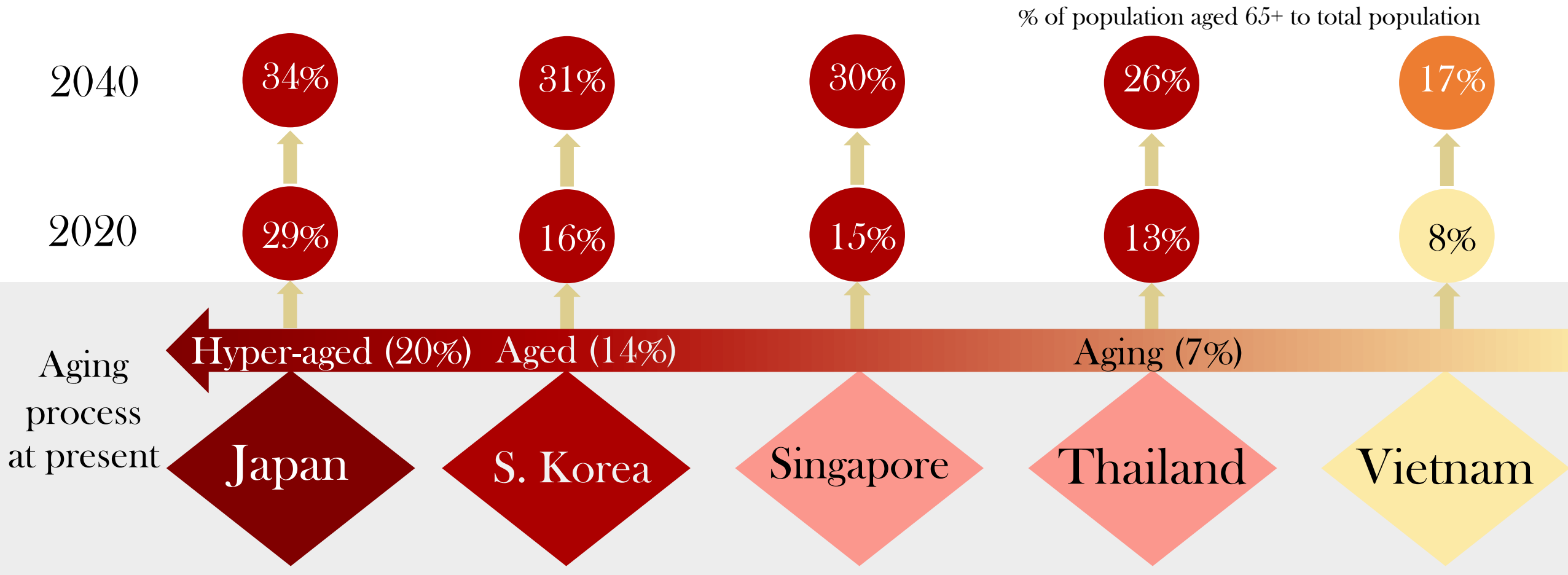
By **2035**, Thailand will be the first developing country enter hyper-aged society. All countries at this aging process already escaped the middle income threshold, but Thailand is still trapped below that.



Notes: The year to the left of the bar designates the year in which the percentages of the population aged 65+ reached 7% (aging society); the number to the right of the bar designates the year when the aging rate attained 14% (aged society).  
Sources: World Bank 2016 based on data from the UN (2015) and IPSS (2016)

## Asia is aging fastest in the world.

Japan's "hyper-aged" society among the leader in region's aging process, followed by "aged" South Korea and "aging" Singapore. Thailand's aging process is just behind these 3 front runners, and slightly ahead of Vietnam.





2

Cases of Japan, South Korea, Singapore and Thailand

Common characteristics of aging society are reflected by low total fertility rate and high life expectancy at birth. Thailand's figures are on par with developed countries, despite its significantly low income.

- Many Asian countries have among the lowest total fertility rate in the world, at between 1.2 and 1.4 children per woman, well below those seen in other developed countries.
- Life expectancy is now over 80 years old in Japan, South Korea and Singapore.

	World	Developed Regions	Japan	S. Korea	Singapore	Thailand
Total fertility rate	2.45	1.71	1.48	1.39	1.31	1.36
Population growth	1.2	0.3	-0.2	0.4	1.8	0.3
Life expectancy at birth	68	77	83	80	81	73
GNI/Capita (USD) <sup>1</sup>	10,551	41,932	38,840	27,450	52,090	5,720

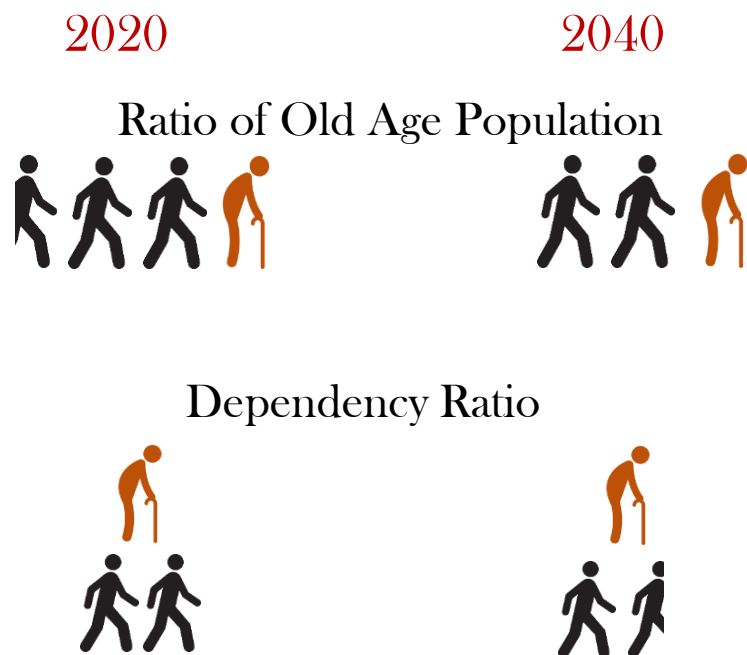
Note: Developed regions include EU, Northern America, Australia/New Zealand, and Japan

Source: 1) Data obtained from Worldbank (2015), Atlas method (current US\$), other data obtained from the United Nation (2015)



# Japan : Hyper - Aged Society

- World's first country that have entered hyper-aged society
- Largest share of 65+ population and longest life expectancy in the world
- Remarkably high private saving rate



80%

born after the end of WWII

13%

age 75+ and  
90% of centenarians are women

45%

want to work until age 65

23%

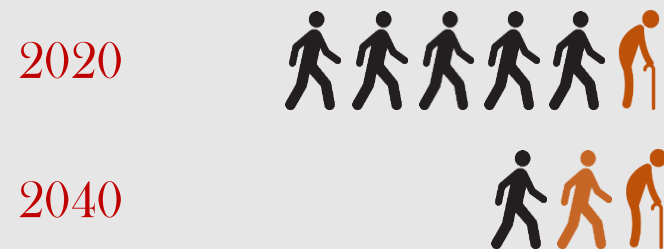
want to work as long as  
they are in good health

Data as of 2015



# South Korea : Aged Society

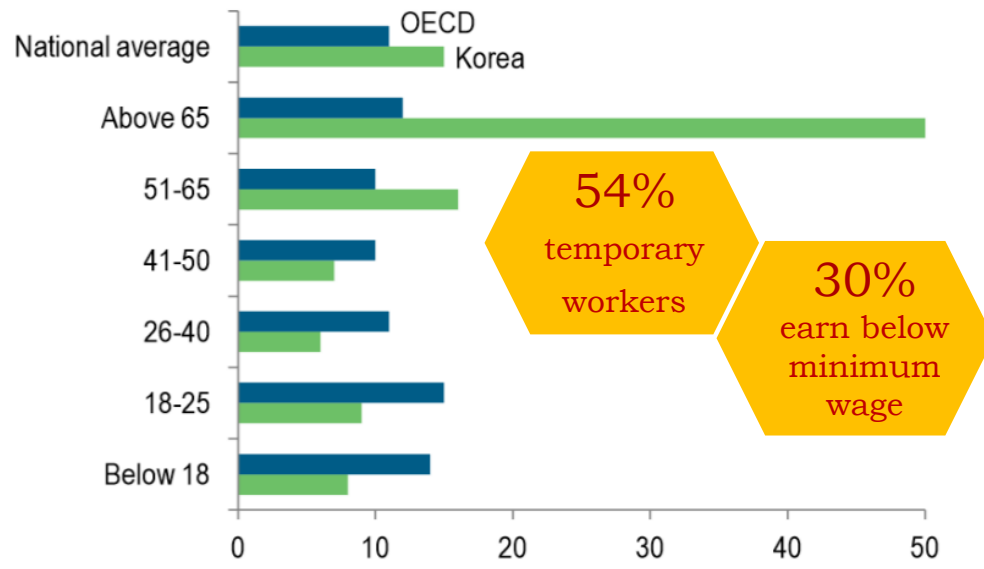
Ratio of Old Age Population



Dependency Ratio



The highest poverty rate (%) among those aged 65+



Source: OECD, Standard Chartered Research

- Fastest transition pace in 18 years, with a similar demographic state to Thailand
- Many prospects to be improved:
  - Despite high education attainment of elderly people, about a half of aged workers are temporarily employed or under the poverty line.
  - Koreans are still looking for a new job after age 40, while retiring from full-time corporate jobs in their 50s.
  - Long work hours and a lack of work-life balance discourage young couples from making a family



# Singapore : Aging Society

- Singaporeans are more likely to live alone or live only with their spouse at old age.
- Well-prepared and inclusive policy fostering comprehensive coordination among relevant stakeholders: individual households, private corporations, and a wide-ranged of government ministries.

Ratio of Old Age Population



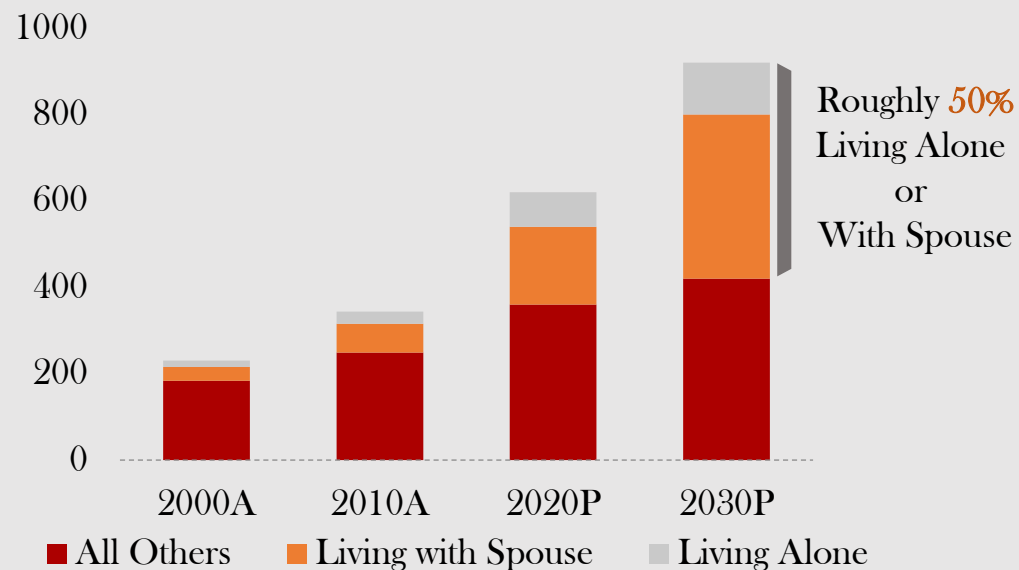
Dependency Ratio

2020 2040



Living Arrangement of Singapore Seniors (65+)

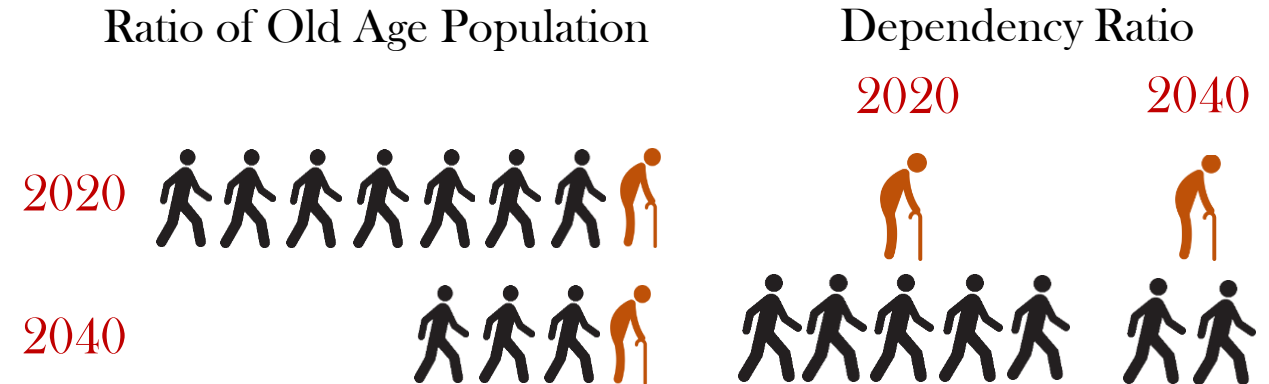
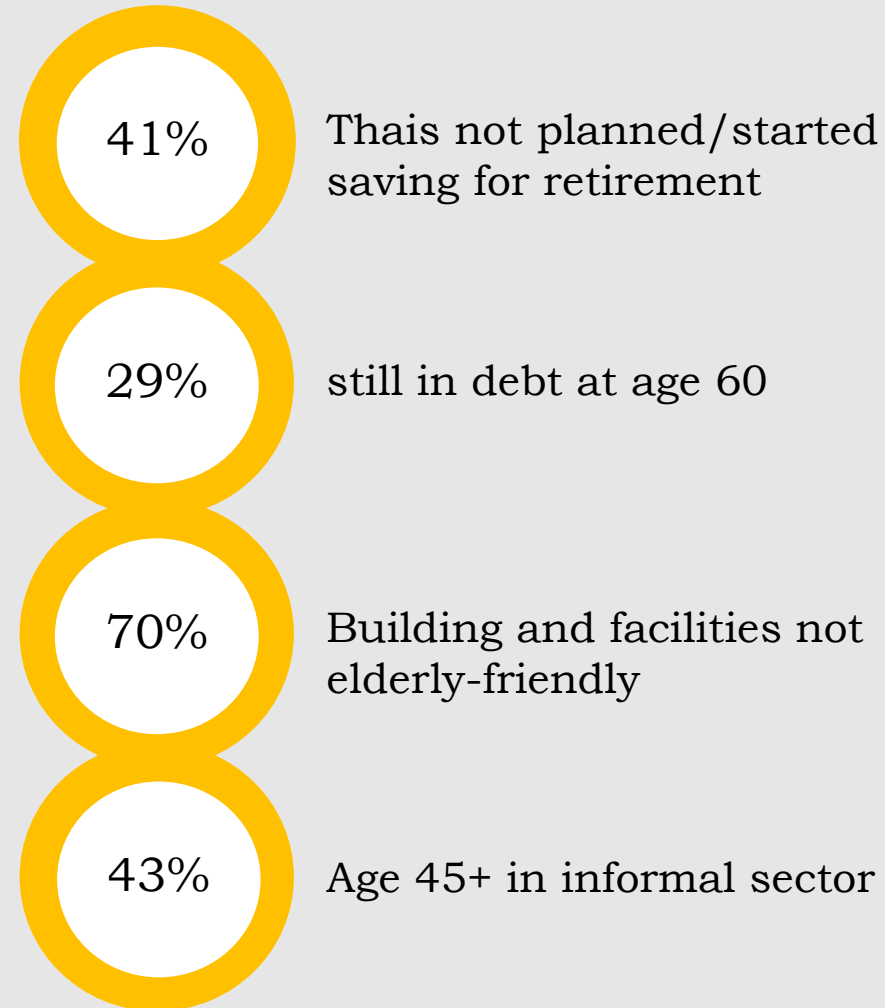
Thousand



Source: Singapore Department of statistics, KHT and Co Analysis



# Thailand : Aging Society



- Early labor force exit at age 45, while 43% of those still working switch to informal sector
- Almost 70% of seniors regularly seek healthcare personnel
- Heavily reliant on family members and government for income

Employability is a challenge, partly because many seniors without a secondary education degree could not stay in the job market.

Aging population may exert pressures on lowering the labor force participation rate, which in turn constrains the elderly's income and a country's economic growth. Thailand is in a difficult position as many senior workers who are still working in low-skilled jobs and having low education attainments.

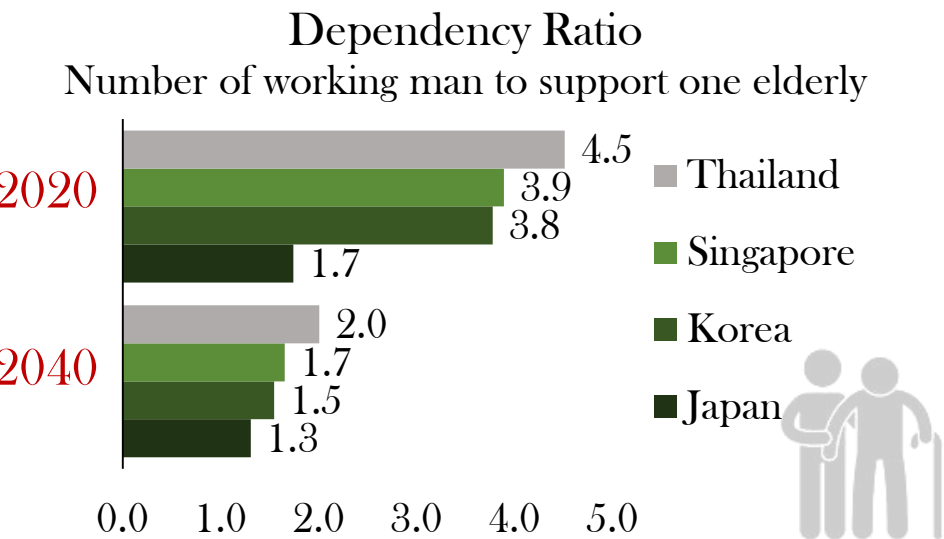
	Japan	S. Korea	Singapore	Thailand
Labor Force Participation Rate (Total) <sup>2</sup>	59	61	67	71
Labor Force Participation Rate (Female) <sup>2</sup>	49	50	58	63
Education Attainment at 60+ <sup>1</sup>	74	46	40	12
Employment 60+ <sup>1</sup>	67	64	66	71

Source: 1) Data obtained from Global Age Watch (2015), proportion of the population aged 60+ with secondary or higher education/are employed

2) Data obtained from World Development Indicators, World Bank (2016)

Income security is threatened by growing dependency on a falling number of children. Fiscal sustainability could also be at risk.

In just 20 years, Asia’s aging societies will mostly match Japan’s striking 1:1.5 dependency ratio—only one and a half working man to support one elderly. Less than a half of population are savers in some countries, this causes the burden on the government to financially support the elderly, especially for healthcare.



	World	Japan	S.Korea	Singapore	Thailand
% Savers <sup>2</sup>	30	64	55	48	43
% Public Spending on Health/GDP <sup>3</sup>	6.0	8.6	4.0	2.1	3.2

Source: 1) Data obtained from World Development Indicators, World Bank (2015), proportion of population age 65+ over age 25-64.  
2) Data obtained from Global Findex, World Bank (2014), proportion of population age 25+ who saved at financial institution.  
3) Data obtained from World Development Indicators, World Bank (2014), recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds.

# Quality of life is the key in addressing policy for aging society.

A new way of carrying out daily-life activities needs to be reconsidered when more older population are faced with mobility difficulties, health problems and living condition hardship. The number of healthcare personnel must be adequate to meet rising demand. Certain features in public and some buildings, such as steep steps and slippery walkways, are dangerous for the elderly to remain active in society.

	Japan	S.Korea	Singapore	Thailand
Poverty Rate 60+ <sup>1</sup>	19.4	48.5	n/a	28.0
Number of Nurse (per 1,000) <sup>2</sup>	11.5	5.0	5.6	2.1
Healthy Life Expectancy at 60+ <sup>1</sup>	20.3	18.3	18.6	16.7

Source: 1) Data obtained from at Global AgeWatch (2015)  
2) Data obtained from at World Development Indicators, World Bank (2012)



# 3 Policy responses

# Japan : Hyper - Aged Society

Elderly-friendly environment due to active technology advancement as well as proactiveness of state policies

## Employability

- **Extend retirement age :**  
raise retirement age from 62 to 65 by 2025
- **Skill matching and Upskilling:**  
Senior Work Program, the Federal of Silver Human Resource Center
- **Re-Design Job for Greater Flexibility**
- **Give employers' incentives :**  
The Act on Stabilization of Employment of Older People

## Income Security

- **Pension system :** Basic Pension and Employment Pension Insurance

## Quality of Life

- **Health and Wellness :**  
established health centers and facilities
- **Senior-friendly facilities :**  
Universal-designed infrastructure
- **Technological application :**  
humanoid Twendy-One Robot, self-driving cars

# South Korea : Aging Society

Moderately planned policy direction, but currently high government burden could drag future implementation.

## Employability

- **Extend retirement age** : raise retirement age from 55 to 60 for all organizations in 2017
- **Give employers' incentives** : Wage Peak System provide more job security for old employees through a gradual wage reduction after a certain age.

## Income Security

- **Pension systems:** NPS is a partially-funded public pension system. It is at the core of the provision of income support for the general public. However, the systems have been criticized as low coverage and low income replacement.

## Quality of Life

- **Technological application** : by 2020, there will be one robotic device in every household to help ease the burden of elderly care and boost the country's female labor participation rate.
- **Health and Wellness** : established regional district health centers to monitor the health of elderly people living alone by dispatching nurses and offer cheap services locally in the centers.

# Singapore : Aging Society

**Flexibility-friendly policy**, e.g. in education roadmap, enhances each individual's ability to adapt to new environment independently as well as policy continuity and implementation.

## Employability

- **Extend Retirement Age** : from 65 to 67 years in July 2017
- **Help workers continuously train and upgrade their skills** : SkillsFuture, Intergenerational Learning Program
- **Re-Design Job for Greater Flexibility** : WorkPro Program and Job Redesign Grant
- **Give Employer Incentive** : Special Employment Credit, Temporary Employment Credit

## Income Security

- **Central Provident Fund (CPF)** : a key pillar of Singapore's social-security system. It is a mandatory social-security savings scheme. Both employers and employees must contribute.
- **Claims on employees' benefit** : Retirement and Re-employment Act, One-Off Employment Assistance Payment

## Quality of Life

- **Health & Wellness** : access to information on health issues for health checks and exercise opportunities near their homes or at their workplaces
- **Engagement and Inclusion** : more social spaces near their homes where they can interact frequently with other seniors
- **Senior-friendly facilities** : public places "safer", "friendlier" and better equipped with amenities

# Singapore’s National Blueprint for successful aging highlights policy coordination

- Ministerial Committee on Aging 2015 with a SGD 3 billion plan, chaired by Health Minister with the **whole-of-government approach** to address needs of aging population.
- Prime Minister's Office has set up the National Population and Talent Division which studies the issue of demographics, including aging.
- 60 initiatives over 5 years, covering 12 areas such as learning, employment, health and wellness and housing



### National Silver Academy

Through voluntary welfare and community organizations and post-secondary institutions



### National movement for senior volunteerism



### Active Aging Hubs

provide seniors with daycare, learning activities and assist in their daily life



### National Seniors' Health Program



### Senior-friendly transport infrastructure



### Passion Silver Card

for every Singaporean aged 60 and above offering priority queues and special discount



### Co-locating eldercare and childcare facilities



### Senior-friendly amenities



### Set aside to promote aging-related research

# Thailand : Aging Society

Well-aware of the challenges, but still need more integrated planning and key coordinating body

## Employability

- **Extend Retirement Age** : raise retirement age of enterprise employees from 55 to 60 *(on progress)*
- **Encourage the elderly to work and earn more**: the Smart Job Center to match the elderly with a job and training program for upskilling
- **Give employers' incentives** : The employers will be granted for tax exemption when they hire the elderly aged 60+ which their income is below 15,000 baht per month

## Income Security

- **Pension system** : every employers and employees are required to save more than 3% and less than 15% *(on progress)*
- **Reverse Mortgage**: loan to the elderly aged 60+ by using a house as collateral, in which the elderly will get money and still stay at their house.

## Quality of Life

- **Some elderly-friendly infrastructure and accessible healthcare services, still limited**
- **Technological application is initiated by private sector** but the cost is relatively high. This may require further support from government.

# Which policies could Thailand adapt from other countries?

1	Extend retirement age	A short-term remedy, but little impact in the long run?
2	Re-skilling and up-skilling	Much needed, but for whom and which sectors?
3	Redesign jobs for flexibility and employers' intensive	
4	Quality of life	What could both public and private sector do to improve quality of life of seniors and others?
5	Policy coordination	Sense of immediacy to initiate coordinated efforts and long-term planning to cope with population aging

*... forthcoming in White Paper on Thailand's Aging Economy*