

ISSUE FOCUS

Old Age Poverty and the Rights of Older Persons

ASEM Global Ageing Center





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This report has been prepared by the AGAC Issue Focus Team (Hae-Yung Song, Bitna Kim, Jane Park, Jaesung Lee and Eunsun Lee).

We hope this edition will inspire international advocates of the human rights of older persons, and contribute to improving the quality of life for older persons.



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Executive Director, ASEM Global Ageing Center (AGAC)

AGAC ISSUE FOCUS Advisory Group

AGAC Issue Focus Advisory Group is a group of experts focused on ageing and the human rights of older persons and provides advice on the themes and topics of Issue Focus and feedback on the volumes. The advisers share their insights and views as well as their regional expertise both in Asia and Europe. Issue Focus addresses the issues and agendas of ageing that are relevant to all ASEM partners.

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OVERVIEW



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Introduction

Poverty not only exists among older persons, but is often chronic and tends to be more prevalent and severe with age. According to the OECD (2017), the poverty rate among younger older adults (aged 66-75) was 10.7%, while the oldest old (aged 75 and over) had a higher poverty rate of 13.9%.¹

In later life, retirement generally causes a loss of income. At the same time, assets and savings are usually not sufficient to guarantee adequate income security for the remaining period of life. Also, changes in family structure under the influence of industrialization have limited the family's capacity to support older adults. These various factors lead older people to be vulnerable to economic insecurity.

Furthermore, the unprecedented spread of COVID-19 has exacerbated old age poverty.² The pandemic has led to social disruption and economic downturns both regionally and globally. This has exacerbated factors leading to economic problems, such as a reduction in working hours, unemployment and the shutdown of businesses. Along with aggravation of economic difficulties, the increased amount of time spent at home has caused a deterioration of health, isolation and depression, jeopardizing the quality of life amongst older adults.

Under such circumstances, public income transfers can play an important role in suppressing poverty; however, this has not been effective for older adults who are out of the labor force or older women who have never participated in the labor market. Low-income earners may be left with little or no pension due to their insufficient contribution. Additionally, basic old age pension, which is non-contributory, is insufficient to eliminate the poverty of older adults.

In terms of the right to live a decent life, sufficient income for an adequate standard of living is critical. To the extent that later life is related to an increased probability of experiencing poverty, population aging will result in higher rates of poverty. However, a comprehensive and comparative understanding of old age poverty in ASEM countries is still deficient. In this context, we have chosen poverty in old age as the theme of the 2021 Fall/Winter ISSUE of *Issue Focus*. This ISSUE aims to provide a perspective on old age poverty by reviewing the available evidence in Korea, Philippines, the U.K. and Vietnam.

Current Phenomena of Old Age Poverty in ASEM Partners

With unprecedented growth in older populations, the percentage of older persons amongst those in poverty has increased significantly across the world, including in ASEM countries. In the U.K., in recent years, the poverty rate for older persons has risen. According to Age UK, the number of pensioners living in poverty tops two million, with Black and Asian older people at the most risk.³

Also, old age poverty appeared to be worse in Asian countries than in Western countries. South Korea recorded the highest poverty rate among older adults within Organization for Economic Cooperation and Development (OECD) member nations, with almost half of its citizens aged 65 or over living in relative poverty.⁴ According to this data, from 2011 to 2020, the population aged 65 and over in Korea increased by about 290,000 annually, an average annual rate of 4.4%. Korea's aging rate is 1.7 times higher than the OECD average (2.6%), and the fastest among these countries.

Additionally, although Vietnam and the Philippines' growth rates of the older population is slower than other Asian countries, in Vietnam, 7.4 percent of older people experience poverty, and in the Philippines, 18.2% experienced poverty in 2020 and were unable to meet their food needs.⁵ Overall, East Asian and Asian-Pacific countries show a trend of increased inequality and relative poverty among older persons, creating a need for instituting effective and innovative policies to alleviate these problems.

Factors Associated with Old Age Poverty

In order to prepare for strategies towards efficient intervention, this ISSUE analyses the determinations of poverty. The case of Korea, the Philippines, the U.K. and Vietnam consistently showed that the risk of poverty is associated with sociodemographic characteristics. Among various factors, gender, age, education, income level and geographic location (urban vs. rural) can influence the risk of poverty in old age.

Regarding gender, older women who are the breadwinners of households or who are divorced/widowed tend to live below the poverty line. Age is also an important factor for older women because as they get older, they become more vulnerable to poverty as their earning capacities diminish.



Photo by Nicola Barts on Pexels

Living arrangements is another important determination of poverty. Due to changes in the family structure under industrialization, many older adults live in a weakened traditional family structure of responsibility, resulting in fewer potential children or kin to provide care or give financial support for older adults. Adult children moving out of the household means that the income of former household members disappears, and the resulting decrease in the income of the household among older persons increases the likelihood of poverty. In a society where family support is relatively more important than a society with a well-established universal old age income security system, the difference in the income level and poverty risk of older persons can be large depending on the type of household.

Rural or urban residence is also regarded as an important factor; in general, rural older persons are more likely to face substantial economic hardships than older adults living in urban areas. In rural areas, poor infrastructure hinders development and mobility, which can cause lack of resources. Also, the prevalence of low socioeconomic status was higher in rural areas, and those families tend to remain poor in old age.

Most importantly, retirement is a critical factor in old age poverty. Retirement leads to a loss of income. At this point in time when looking at average life expectancy, it has increasingly been seen that the retirement age of 60 or 65 is too early. Without stable jobs or sufficient financial assets, there is a high likelihood that the assets of many retirees results in a fall below the poverty line within old age. In the case of Korea, this may result in older persons working in low-paid temporary or part-time jobs, largely due to a protracted period without an income before reaching their public pensions at the age to 62.⁶ This phenomenon is called the income crevasse. In terms of economic aspects, while the papers in this ISSUE do not extensively discuss solutions to elderly poverty, the case of Korea demonstrates ways to strengthen the public pension system by addressing the limitations of current public pension or social security systems.

Overall, the cases in this ISSUE show that old age poverty may be addressed as a socioeconomic phenomenon; thus efforts towards the alleviation of poverty require multidimensional intervention taking into account non-economic social aspects. Therefore, we discuss the mechanisms involved in the relationship between these factors and poverty as well as the strength of the association of these factors with old age poverty in Korea, the Philippines, the U.K, and Vietnam, and suggest possible policy solutions to poverty in older persons.

Conclusion

Poverty among older persons has become a major global issue of the twenty-first century. Addressing it is a key task in cultivating an equitable society. International communities, civil societies, governments and academics have put in serious efforts to alleviate the challenges of poverty faced by old age, but the identification of the older persons and the discussions about old age poverty have not become explicit. The literature with a specific focus on old age poverty has mostly been discussed only at the individual level. However, by looking at a variety of cases from different countries, we hope that the 2021 Fall/Winter ISSUE of *Issue Focus* will bring about a deeper understanding of the problem, address the relevant age dimensions of poverty and contribute to providing a safety net for older persons in the future.

- 1 OECD (2017), “Old age income poverty”, in Pensions at a Glance 2017: OECD and G20 Indicators, OECD Publishing, Paris.
- 2 Derbyshire, J (2020). “Elderly people are among the most physically and financially vulnerable to COVID-19, but their needs are too often ignored. HelpAge International. <https://www.helpage.org/newsroom/latest-news/elderly-people-are-among-the-most-physically-and-financially-vulnerable-to-covid19-but-their-needs-are-too-often-ignored/>
- 3 DWP (25 March 2021). Households below average income: for financial years ending 1995 to 2020. Summary Results, Table 1.6b. (figures are for relative low income after housing costs). More information
- 4 Poverty worsening among South Korea's aged people. The Nation. The Korean Herald. [Online]. Available: <http://www.nationmultimedia.com/opinion/Poverty-worsening-among-South-Koreas-aged-people-30185727.html>.
- 5 Philippine statistics authority (2020). 2018 Full-year poverty statistics among senior citizens in BARMM
- 6 Ministry of Health and Welfare in Korea. Pension Policy. https://www.mohw.go.kr/react/policy/index.jsp?PAR_MENU_ID=06&MENU_ID=06410102&PAGE=2&topTitle=

The Status of Older Persons in Poverty in Korea and the Improvement of Income Support

Introduction

Korea's economic development over the past 20 years has allowed the country to expand social provision. In the 1990s, Koreans mainly relied on corporate and family welfare, but in the 2000s, the role and function of national welfare have been expanded by the establishment of social security systems. However, these systems have changed many times, especially the income security systems; a clear example of this are the systems for older persons. The national pension system was extended to the whole nation in 1998. The national basic livelihood security system was introduced, to help older persons in poverty stabilize their lives. Then, the old age income security system, which shifted from senior pension to old age pension to basic old age pension, was introduced for persons currently in the older generation who cannot benefit from the expansion of pensions to the entire nation.

Did these changes in social security systems provide truly meaningful benefits for older persons in the present generation? Unfortunately, despite the various income support systems, the present generation of older persons is still vulnerable to poverty and emotional crisis. The OECD's annual report on social indicators shows that older persons in Korea are exposed to a significant extent. The government is making efforts to reduce this exposure, but the effect is insufficient, and the living conditions of older persons make them vulnerable to crisis situations by comparison with young people. Even the National Awareness Survey reports that people in their 50s and aged 65 and above are most in fear of poverty in old age, and health problems. As the state does not make sufficient provision for such crises, individuals are burdened with trying to make appropriate preparation for old age by themselves. This paper will diagnose the current status of older

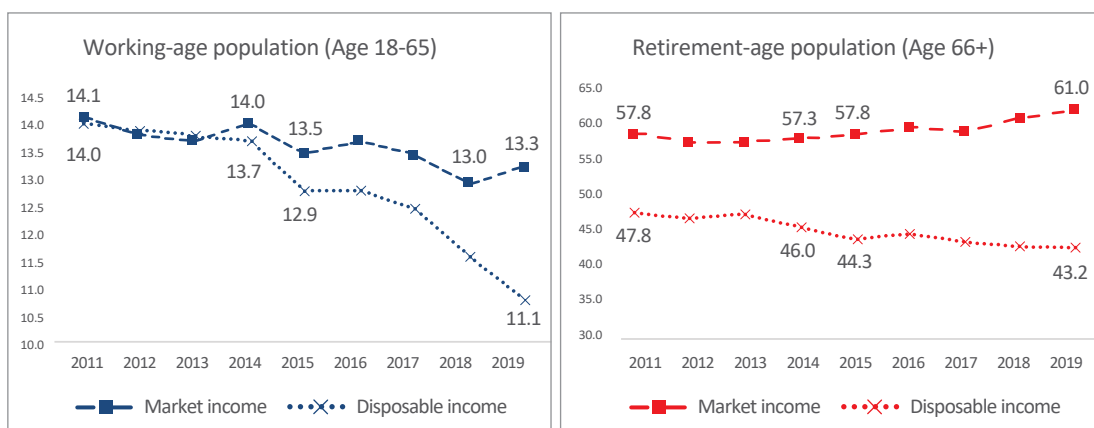
persons in poverty and the problem of the old age income security system, and suggest improvements.

The Status of Older Persons in Poverty

Figure 1 shows the trends of relative poverty rates between the working-age population and the retirement-age population (based on the Survey of Household Finances and Living Conditions). As shown in the figure, the poverty rate of the retirement-age population is almost four times larger in both market income and disposable income than that of the working-age population. Although the relative poverty rate of the retirement-age population is decreasing in respect of disposable income considering public transferⁱ income supported by the government, the improvement effect does not seem to be significant compared to 2011.

[Figure 1] Poverty Trends by Age Group (50 per cent median income)

(Measure: %)



Source: Statistics Korea (2021). Korean Statistical Information Service (The Survey of Household Finances and Living Conditions, The index of Income Distribution), re-citation.¹

In Table 1, the relative poverty rate for older person households shows that the poverty of single households based on market income is at a serious level. The poverty rate of older persons living alone is more than 80 per cent, and has hardly improved since 2005. Older couples also show a high poverty rate, in the late 50 per cent, confirming the severity of their poverty compared to older person households living with their adult children. It can be seen that the poverty level of older person households is alleviated through disposable

ⁱ Public transfer income refers to public pensions (National Pension, Civil Service Pension, etc.) and government to person cash transfers (National Basic Living Security Act, Basic Pension, Child Allowance), etc.

income calculated by including the government’s public transfer. Based on disposable income, the poverty rate of older person households living alone decreases from mid-70 per cent to mid-60 per cent over time. This seems to indicate that implementation of the basic old age pension, the basic livelihood security system, and the senior employment project have had a somewhat positive effect on the income of these older singles and older couples.

[Table 1] The Korea Welfare Panel Survey’s Poverty rate by year, income types, and types of older persons’ households (based on the median 50 per cent)

(Measure: %)

Classification	Market Income							Disposable Income				
	Single Households	Older couples	Living with adult children		Unclassified older households	Non-older households	Single Households	Older couples	Living with adult children		Unclassified older households	Non-older households
			Older householders	Adult children householders					Older householders	Adult children householders		
2005	77.0	52.2	28.5	24.2	24.5	11.1	74.7	50.9	26.3	24.5	23.4	10.2
2006	84.1	62.8	34.9	25.2	29.6	13.1	75.7	44.5	21.6	18.7	26.6	10.0
2007	85.1	65.2	30.2	25.9	28.3	13.3	76.9	48.9	21.0	19.4	22.2	10.3
2008	85.7	66.3	31.2	24.4	24.8	12.6	76.7	45.7	19.7	18.0	21.5	9.8
2009	83.7	62.9	31.3	22.7	30.1	11.1	73.3	41.9	20.6	15.9	17.4	8.6
2010	83.7	63.8	34.6	20.3	30.6	11.1	71.6	40.3	21.2	13.2	22.2	8.7
2011	80.7	58.8	32.0	23.4	33.6	11.5	70.0	36.8	19.5	16.6	19.6	8.6
2012	80.8	56.6	29.4	20.9	35.4	12.0	70.3	34.9	21.0	15.7	24.7	9.4
2013	84.8	61.3	32.3	21.8	37.5	11.8	74.0	38.3	20.5	16.9	24.1	9.1
2014	84.6	60.4	33.2	19.5	42.4	11.6	70.7	34.3	21.1	14.0	23.8	9.0
2015	84.2	59.6	34.5	19.1	40.9	11.3	67.3	32.3	19.3	11.4	21.6	8.5
2016	81.8	59.3	36.7	20.9	42.3	11.0	66.0	30.9	20.5	13.5	28.0	7.3
2017	81.8	58.6	39.5	21.7	44.4	10.8	62.8	31.4	20.3	14.0	29.3	7.8

Source: Korea Institute for Health and Social Affairs, Korea Welfare Panel Survey. Kim et al. (2020). A study on the actual condition and socioeconomic impact of elderly poverty. NRC’s (National Research Council for Economics, Humanities and Social Sciences) Joint Research 20-19-01.²

Table 2 analyzes the case of poverty based on (1) ‘income-based poverty’, (2) ‘expenditure-based poverty’, (3) ‘assets-based poverty’, (4) income and expenditure based poverty, (5) expenditure and asset-based poverty. Among those aged 65 and above, the number of income-only cases in poverty has recently increased to about 20 per cent. In terms of assets-only, it is low, at around 5 per cent. The number of older persons with poor income, expenditure, and assets is about 20 per cent, and the proportions of poor income and

assets are around 5~6 per cent. Looking at those statistical data, when both income and assets are poor, they are lower than those based only on income in the 25-26 per cent range, but they are not decreasing to the level of older persons' poverty in other OECD countries.

[Table 2] The (relative) Poverty Rates Considering Income and Assets

(Measure: %)

Classification	Aged 65 and above								Under 65							
	Income-only (I)	Expenditure-only (C)	Assets-only (A)	I&C	I&A	C&A	I&C&A	Non-poverty	Income-only (I)	Expenditure-only (C)	Assets-only (A)	I&C	I&A	C&A	I&C&A	Non-poverty
2005	18.8	1.3	5.7	18.1	4.4	0.6	19.0	32.2	6.4	0.5	17.7	2.7	2.9	0.3	2.6	66.9
2006	16.8	1.8	5.7	19.0	4.7	0.6	20.2	31.2	6.4	0.8	17.7	2.3	2.8	0.4	3.0	66.6
2007	16.3	1.7	6.4	17.7	4.2	0.4	22.1	31.2	5.4	0.5	19.4	2.0	3.6	0.4	2.5	66.2
2008	16.6	1.2	5.4	18.1	5.7	0.3	21.4	31.3	6.0	0.5	18.8	2.1	3.7	0.3	2.1	66.5
2009	17.4	1.8	6.0	19.4	5.6	0.4	19.4	30.0	5.5	0.3	18.3	1.8	3.3	0.3	2.2	68.3
2010	18.7	1.8	5.2	18.8	5.4	0.1	19.6	30.4	5.0	0.4	19.1	1.7	2.8	0.2	2.6	68.4
2011	17.3	1.3	5.8	18.1	5.5	0.4	22.6	28.9	4.9	0.3	18.9	1.9	3.7	0.1	2.6	67.6
2012	18.3	1.6	5.0	17.9	5.7	0.3	20.8	30.3	4.2	0.4	18.0	2.0	3.2	0.2	2.7	69.3
2013	18.2	1.4	4.0	20.5	5.5	0.2	22.6	27.5	4.6	0.3	18.1	1.9	3.6	0.2	2.9	68.5
2014	21.2	0.9	4.2	18.9	5.4	0.2	21.0	28.3	4.2	0.3	17.9	1.9	3.0	0.3	2.9	69.6
2015	21.7	1.0	4.7	17.8	5.7	0.2	21.5	27.5	4.1	0.4	19.1	1.6	3.1	0.3	2.7	68.7
2016	24.0	0.9	4.9	14.8	7.1	0.1	19.1	29.2	4.6	0.1	19.7	1.3	3.4	0.2	1.8	68.9
2017	22.2	1.2	5.6	16.3	6.0	0.3	20.2	28.2	3.8	0.5	20.4	1.4	2.7	0.3	2.6	68.3

Note: Income refers to market income, expenditure refers to consumption expenditure, and assets refer to net assets.

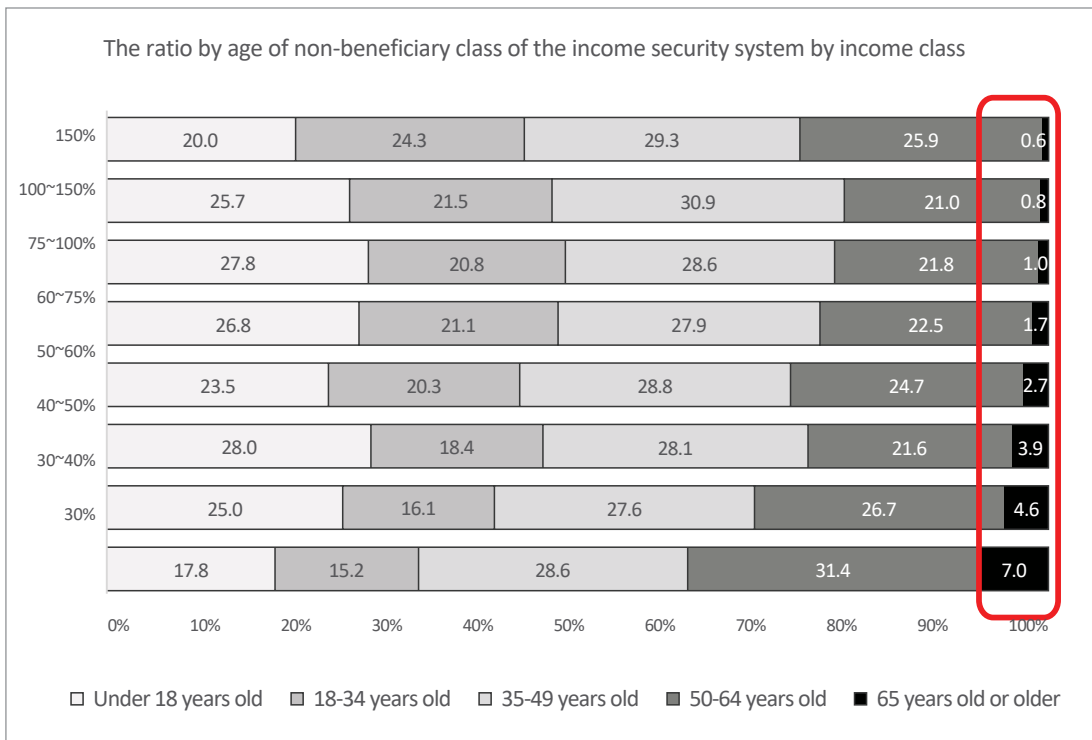
Source: Korea Institute for Health and Social Affairs, Korea Welfare Panel Survey. Kim et al. (2020).

A study on the actual condition and socioeconomic impact of elderly poverty. NRC's (National Research Council for Economics, Humanities and Social Sciences), Joint Research 20-19-01.³

Why is the poverty rate of older persons so high? Figure 2 shows the blind spots for income security by life cycle. The proportion of older persons aged 65 and above in blind spots is significantly decreasing compared to other age groups. Through this, two things can be learned. First, the social safety net systems have fewer blind spots for older persons than other age groups. In other words, they are receiving the benefit of the income security system provided by the government in some form. The representative of them is the basic old age pension. Second, the reason why they remain poor despite the benefits of the income security system is that the cash income support system's benefit level is insufficient to exceed the poverty line.

[Figure 2] The Ratio by Age of Non-Beneficiary Class of the Income Security System by Income Class

(Measure: %)



Note: In the case of people under the age of 64 who only receive the basic pension, it is calculated as a non-beneficiary class.

Data: Kim et al. (2020). Diagnosis of Income Distribution and Restructuring of Social Security in Korea. Korea Institute for Health and Social Affairs. Re-citation.⁴

Figure 3 shows the distribution by income quintile and median income levels of older persons aged 65 and above. From 2005, the proportion of older persons in the first quintile with low income increased somewhat, from 53.2 per cent in 2005 to 56.8 per cent in 2018. Based on median income, older persons with the bottom 30 per cent of income show 17 per cent without significant change, and the median income of 30-50 per cent also shows the mid-20 per cent range. Although the government has resolved blind spots that disadvantage older persons through various income security systems, the problem of blind spots in preventing certain groups from securing adequate benefits has not been resolved for a long time.

[Figure 3] The Distribution of Older Persons by Income Quintile and Median Income Levels
(based on equalized disposable income)

(Measure: %)



Source: The original data from Korea Institute for Health and Social Affairs, Korea Welfare Panel. This author's analysis.⁵

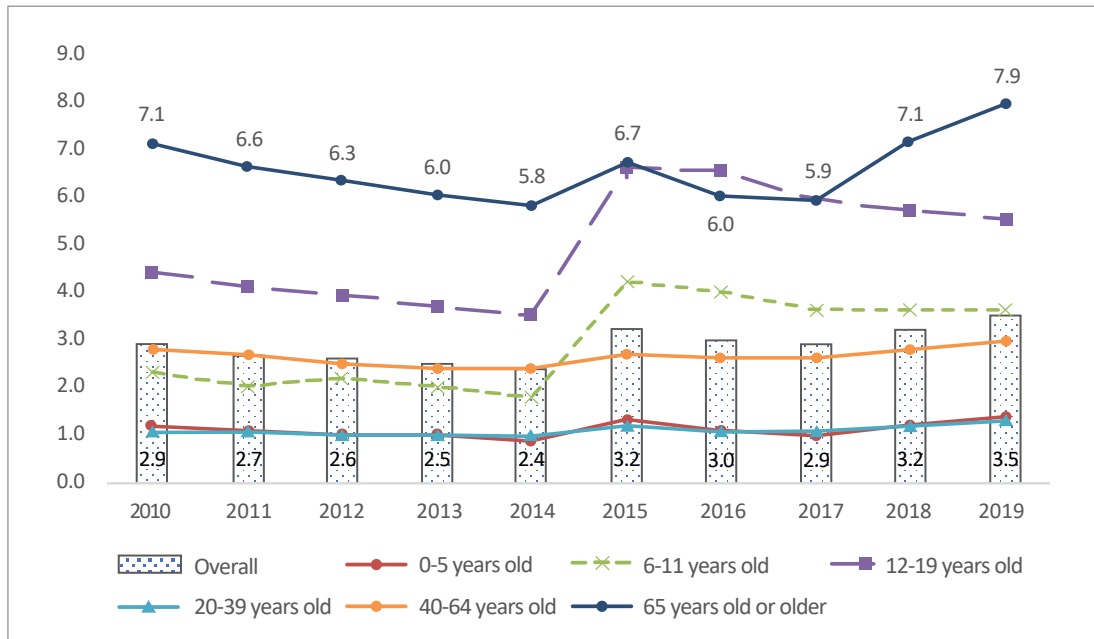
The Old Age Income Security System and Its Limitations

According to Korea's multi-layered old age income security system (mainly old age income security), at the lowest level is the national basic living security system, which is paid by the state. On the first level, there is the national pension system, and special occupational pension systems for public officials and soldiers. On the second level are severance pay, retirement pensions and personal retirement pensions, all calculated with reference to income. On the third level are those personal pensions, farmland pensions and home pensions (Reverse Mortgage) which are based on individual assets. Superficially, these three levels appear to reflect a multi-layered income security system. Yet why is the poverty rate of older persons high?

The national basic livelihood security system, which aims to support older people living in poverty and stabilize their lives, is the most representative public assistance system in Korea. But only about 7 to 8 per cent of older persons are supported through the basic livelihood security system,⁶ because of the Family Support Obligation Rule in the National Basic Livelihood Security System. With the abolition of the standards for those obligated to support living benefits for older persons aged 65 and above in 2021, it is expected that the system plays a major role in securing the income of low-income older persons in the future. A further issue is how to adjust the property-valuing standard, especially the

criteria for valuing automobiles, and it is necessary to come up with measures to increase access to system-related information for older persons.

[Figure 4] The Scale of Beneficiaries by Age Group



Source: Each year's status of beneficiaries of the national basic living security, Ministry of Health and Welfare.⁷

The problems with the national pension system are, firstly, the low level of benefits received by the current generation of older persons; and secondly, the blind spots in the system, and mistrust on the part of younger generations. The average amount of old age pension currently received by older persons is 527,000 KRW per month (as of 2019), and by the pension contributory period, contributors for more than 20 years exceed 900,000 KRW, but only about 400,000 KRW for less than 20 years.⁸ In fact, out of about 4.09 million old age pension beneficiaries, only 10.8 per cent (about 440,000) have contributed for more than 20 years, while 38.9 per cent (about 1.59 million) have contributed for less than 20 years, showing a three-fold difference.⁹ In a situation where the overall level of benefits in the basic livelihood security system is low, the level of benefits paid through the national pension system's old age pension is not high enough to lift people out of poverty. Moreover, there is still a group of people who will not achieve income security with the national pension when they become older persons. As of 2019, the number of long-term delinquents reached 1 million, and the number of people granted payment exceptions reached 3.28 million. In addition, there are about 8.7 million people who are potentially in blind spots, excluded from applying for the pension because of their non-economic activities (full-time housewives, students, etc.). Although the national pension system operates for the entire nation, blind spots still exist that encompass older adults

who could be considered candidates for poverty.¹⁰

Some analysts suggest that using their assets can alleviate poverty for older persons. However, as shown in the previous analysis, even if assets are used, the poverty rate of older persons remains in the 25-30 per cent range, which is higher than that in other countries. Even if people strive to achieve income security through home pensions, a system that utilizes assets, it is difficult to receive sufficient old age income with the low asset level of low-income older persons. The average asset level of persons with a median income of 30 per cent or less increased from 80 million KRW in 2010 to 140 million KRW in 2018. However, this is simply an average, and when looking at the level of median assets, the total assets also increased from 28 million KRW to 57 million KRW during the same period, but the absolute level is low. Looking at the real estate that can be used for home pension, the median asset rose from 22 million KRW to 45 million KRW during the same period, but it is also significantly lower to receive income security through the home pension.¹¹

So far, this paper has reviewed the phenomenon of poverty among older persons, and the limitations of the government's primary income security systems in place for older adults to reduce poverty. It is evident that the older generations are struggling financially in terms of market income, have difficult lives, and are suffering from poverty-related issues. In order to address the problem of poverty among older persons in our society, it is necessary to explore ways of securing sufficient income for them and overcoming the limitations of the existing income security system.

Measures to Improve Income Security Systems to Resolve Old Age Poverty

Strengthening old age income security to alleviate poverty for older persons involves firstly, improving support systems for the present generation of older persons, and secondly, improving support systems for future generations. It is necessary to establish a multi-layered income security system to strengthen income security for the current generation of older persons. However, the difference from previous studies should be based on sufficient income to reduce the poverty rate of older persons to the OECD average. Older persons with the standard median income of 30 per cent or less are vulnerable to poverty, so they should be supported through the livelihood benefits of the basic livelihood security system and the basic pension. Family Support Obligation Rule in the National Basic Livelihood Security System has abolished for older persons with the standard median income of 30 per cent or less and the coverage through livelihood benefits has been strengthened. However, there are also welfare blind spots around the property-



Photo by Daniel Bernard on Unsplash

valuing standard and its automobile- valuing criteria, so easing the property standards should be considered together. Older persons who are beneficiaries of the basic security system have the great advantage of being secured healthcare through medical benefits. Therefore, if livelihood and medical benefits are provided together, a certain quality of life can be secured. In the case of older persons who are eligible for livelihood benefits, they can be affected by how to set the nature of the basic pension. Currently, in the case of older persons who are receiving basic livelihood benefits, the basic pension is regarded as income, and thus it is excluded from their livelihood benefits. This conforms to the principle of public assistance, but in reality, this ignores the consideration that their lives ought to be supported to be stable and secure. On top of that, they ought to be supported to secure additional income through participation in government financial support job projects for healthy older persons who are willing to take such jobs.

Measures to compensate for insufficient income could also involve adjusting basic pension benefits based on income levels, and introducing a supplementary benefit system for older persons with the standard median income of 30-50 per cent or less. Adjusting the basic pension amount by income levels means essentially 'more benefits to lower-income and less benefits to higher-income'; it is a plan to increase the role of the national pension and strengthen security for older persons with low incomes. A representative example of supplementary income security systems is the Canadian supplementary income security system. In order for healthy and capable older persons to remain voluntarily in the labor market and continue to work, diversifying job projects for older persons and strengthening

delivery system for senior employment project should be considered. In the mid- to long-term, the role of job projects for older persons needs to be re-configured as the type of job that can actively utilize the know-how of new baby boomers entering low-paying, simple labor-type jobs offered via public programs. Regardless of which measures, incentives to join the national pension can be reduced, so these systems should be considered along with the reduction of blind spots in the national pension.

The standard median income of 50-100 per cent, and 100 per cent or more, correspond to the middle-income class among older persons; they are a group of people who secure a certain level of national pension benefits (more than 1 million KRW per month per person) because of steady job participation from youth to old age. Therefore, it is necessary for them to secure a liveable income in old age via the basic pension, the national pension, and the home pension. In these income classes, job projects for older persons are expected to play a major role. Through project diversification, measures should be proposed to actively utilize their know-how in society in the form of social engagement and volunteer work.

In an attempt to strengthen income security for future generations of older persons, discussions were held in 2018 on adjusting the national pension income replacement rate and the insurance premium rate through the fourth national pension fiscal calculation and national deliberation process, but the discussion has not progressed at all. The income replacement rate in the national pension will gradually decrease from 50 per cent in 2008 to 40 per cent (40-year average contributors) in 2028. The current national pension needs to be reformed because it is difficult to secure sufficient old age income levels. The fifth national pension fiscal recalculation has been scheduled for 2022. Given that a new government will be established through the presidential election in March 2022, the national pension system should be actively prepared from the beginning of the government to serve as a practical old age income security system.

In Korea, the period of labor market participation is not long, and the country is facing a situation in which 40 years of contributions are not being achieved (the current average contributory period is only 25 years). Improvements in public relations and the system overall are under way, in order to increase contributions to the national pension, but payment exceptions and long-term arrears have not decreased significantly. Since they can cause old age poverty, measures should be taken to reduce this possibility. Excluded persons (mainly full-time housewives, etc.) may also be subject to poverty in later life. Full-time housewives are not obligated to join the national pension unless they want to. When a crisis occurs, therefore, full-time housewives do not have any means to overcome the crisis on their own or through social insurance. Even in old age, they have no choice but to rely entirely on their spouse's pension. It is necessary to find a way to strengthen the security of old age income for these women by introducing an incentive system that

encourages them to pay pension premiums in the future.

In the long-term, it is necessary to consider ways to integrate the special occupational pension and the national pension that currently operate separately. The public officials' pension (whose deficit started in 1999) and the military pension (whose deficit started in 1973) have been in the red for a long time, and now another occupational pension, the Pension for Private School Teachers and Staff, is also expected to suffer a deficit in 2029. The government compensates for the deficits in the public officials' pension and military pension system, but a controversy could arise over whether the Pension for Private School Teachers and Staff should be compensated for its expected deficit in the future. It would be desirable to gradually integrate these pension systems rather than allow them to continue operating separately.

Conclusion

So far, this paper has reviewed poverty among older persons in Korea, examined the limitations of the current income security system, and suggested improvement measures. The high poverty rate of older persons in Korea has already lasted for a long time. It derives primarily from welfare policies that depend on businesses and families rather than national welfare. The transition to national welfare for old age income security has been delayed by comparison with other European countries or nearby Japan; the resulting poverty is making life difficult for the present generation of older persons. Although the government has created several income security systems over the past 20 years, the complete resolution of old age poverty due to the limitations of each system.

Resolving old age poverty is to make a plan for older persons based on the present generation and to establish a response system for older persons in the future. Already, older persons in the current generation cannot secure income with social insurance such as the national pension. For older persons in the current generation, they should be supported through the basic livelihood security system, basic pension, and jobs for older persons. In reality, in order to alleviate poverty for older persons, it is necessary to consider a transition to categorization-driven public assistanceⁱⁱ. If this happens, however,

ⁱⁱ The public assistance system is a system whereby the government guarantees a livelihood, medical care, and housing for the poor (those below the government-set standard of poverty) through taxation. Currently, all citizens in Korea are eligible for such support if they meet the government-set baseline, regardless of age, disability, or gender. On the other hand, public assistance categorically means a division into two categories: first, public assistance for the elderly, the disabled, those with poor working capability, foreigners, etc., and second, public assistance for the working poor or young adults with the ability to work. The difference is that the young people who are able to work are obliged to participate in providing employment services.

the protection of the working-age group will be weakened – an inevitable consequence of the introduction of the national basic livelihood security system. A prerequisite for the transition to categorization-driven public assistance will be the establishment of a protection system for working-age persons at the same time.

Income security for future generations of older people should be strengthened through social insurance such as the national pension. With the pension reform centered on financial stabilization, it is predicted that the current generation of young people will receive a lower pension compared to the current older generation, even if the premium payment period is long. This can lead to mistrust in the pension system from the younger generation and reduce the sustainability of the system. The system needs to be improved so that the prospect of stable old age incomes can be secured for young people. In addition, there is a need for labor market reform that allows the current generation of middle-aged and old people to remain in the labor market and engage in income-generating activities. There are concerns that the young-old become polarized, so the extension of the remaining period in the labor market could only affect workers in secure jobs. In order to address such concerns, reform measures for the job environment and welfare should be proposed together through industry and labor sectors. This can also be a way to resolve the income crevasse that exists between retirement and pension age.

Korea has become one of the world's wealthiest countries. However, the problem of poverty among older persons remains. It is time to end the dishonourable stigma of old age poverty and high suicide rates. A national effort to achieve consensus on how to create old age income security is desperately needed.

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A Precarious Life: Understanding Old Age Poverty in the Philippines

About 17.7 million Filipinos are poor. According to the Philippine Statistics Authority (PSA), this is equivalent to 16.7 percent of the Philippine population in 2018. They are the ones whose incomes are not sufficient to meet the poverty threshold set by the National Economic and Development Authority (NEDA). In other words, they “cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life.”¹

Among the basic sectors regarded as poor, about 829,200 older persons or senior citizens are finding it difficult to make both ends meet. They are joined by farmers, fisherfolk, women, children, youth, rural residents, urban residents, self-employed individuals, and even migrant and formal workers.

[Tabel 1] Poverty Among the Basic Sectors in the Philippines

Basic Sectors	Magnitude of Poor (in millions)		Poverty Incidence (in per cent)	
	2015	2018	2015	2018
Farmers	3.7	2.4	40.8	31.6
Fisherfolk	0.5	0.3	36.9	26.2
Individuals residing in rural areas	18.1	12.6	36.9	24.5
Children	13	9.3	33.5	23.9
Self-employed and unpaid family workers	3.6	2.3	26.2	18
Women	11.8	8.7	23.9	16.6
Youth	6	4.5	20.5	14.7
Persons with disability	--	0.236	--	14.7
Individuals residing in urban areas	6.3	5	13.2	9.3
Senior citizens	1.1	0.8	14.4	9.1
Migrant and formal workers	3.6	2.4	14.4	8.8

Source: Philippine Statistics Authority. (2020). Poverty Among the Basic Sectors in the Philippines, Infographic, Control No. 20-SSSS04-36.

The PSA clarified that there could be overlaps among the basic sectors (i.e., the magnitude of poor individuals per sector is not exclusive)—some poor farmers and fisherfolk may also be senior citizens; some poor women may also be senior citizens; some rural and urban poor residents may also be senior citizens. Among the basic sectors, farmers, rural residents, and women are among the poorest. So the poverty estimates for seniors could undoubtedly be even higher.

On the other hand, the number of indigent senior citizens eligible to receive the monthly social pension of PhP500 (about USD10) in 2019 is pegged at 3,796,791.² A senior citizen is deemed qualified to receive the government-financed social pension if the senior citizen is not receiving a pension from the Social Security System or the Government Service Insurance System, or any other pension scheme for that matter; is not receiving any assistance from his or her relatives; and/or is frail, sickly, or has a disability. Clearly, the number of poor older persons in the Philippines is far, far greater than 829,200.

The population of older persons in the Philippines, based on 2015 projections, stands at about 9.86 million in 2021—equivalent to roughly 8.95 percent of the total projected population—of whom 5.42 million are women (55 per cent) and 4.43 million men (45 per cent).

Intergenerational Poverty

Old age poverty in the Philippines is the extension of poverty during younger years. Once poor, always poor —other factors remaining the same (that is, no dramatic rise in household income or sustainable gains in wealth throughout the life course). The poor senior citizen inherits the poverty of the past—as the poverty of the parents is handed down to the children. As Cruz et al. (2019) reported based on the 2018 Longitudinal Study of Ageing and Health in the Philippines (LSAHP, covering 5,985 respondents), about half of the older persons interviewed (49 percent) “grew up in poor families”, whilst the other 50 per cent “grew up in families that were financially above average.”³ As pointed out in the Ageing and Health in the Philippines study (Cruz et al., 2019):

Results show that older Filipinos have generally poor overall economic well-being in terms of objective and subjective measures. Many older persons seem to have been living in poverty over their entire life course, as evident in the high preponderance of those who reported living in poverty in their early life. Other than their best asset, which is ownership of the house they currently reside in, they have generally low income, and few have income-generating assets. Older persons have an extremely low level of financial resources, and about one-fourth have debts.

. . . That they continue to live with financial difficulty in their older years is indicative of their inability to accumulate enough assets in their younger years to cover their needs in old age.

It will take about 36 years for a poor family to reach lower-middle-income status, according to Dr. Jose Ramon Albert, Philippine Institute for Development Studies (PIDS) Research Fellow and former head of the Philippine Statistics Authority. That is assuming a continuous growth rate of real income per capita of 2. per cent per year—which according to him, is “clearly an unrealistic scenario because growth is often skewed toward the higher income brackets, and even more rarely continuous.”⁴ In the Philippines, a person may be in employment for 40 to 45 years, yet remain poor. Perhaps 36 years may not even be enough to move out of poverty.



Photo by Rod Long on Unsplash

The table below shows the basic problem analysis of old age poverty in the Philippines:

[Tabel 2] Basic Problem Analysis of Old Age Poverty in the Philippines

Underlying Causes	LOW ECONOMIC AND SOCIAL MOBILITY IN OLD AGE	POVERTY IN OLD AGE	SOCIAL EXCLUSION
Behavior and practices	<ul style="list-style-type: none"> • Ageism; stereotyping and discrimination against older persons • Older persons—viewed by some as economically unproductive—are left out in human capital development plans and programs (i.e., ageism and social exclusion) 	<ul style="list-style-type: none"> • Limited / inadequate income support from family (as they suffer from or are experiencing poverty themselves, i.e., intergenerational poverty, poverty trap) • Lack of Intergenerational Support Mechanisms 	<ul style="list-style-type: none"> • Loss or diminished social roles [devalued role of older persons due to negative attitude toward older persons] • Non-assertion of rights • Absence / lack of unified movement for [and of] Older Persons • Self-isolation / retreat from society (due to diminished or weakened social networks)
Knowledge, skills, attitudes, beliefs	<ul style="list-style-type: none"> • Knowledge and skills obsolescence of older persons as perceived by employers • Limitations or obstacles in keeping up with the pace of technological advancements • Knowledge and skills mismatch • Low educational opportunities, retraining, retooling for older persons • Older persons are deemed as “untrainable” 	<ul style="list-style-type: none"> • Older persons lack financial literacy • No Retirement Plan • Limited desire, interest, or motivation to work (due to lack of opportunities) 	<ul style="list-style-type: none"> • Society’s negative attitude toward the elderly (i.e., ageism); older persons are seen as “unproductive”
Systemic constraints /Issues	<ul style="list-style-type: none"> • Low employment/ livelihood opportunities for older persons [“In a capitalist society...old age is viewed as a handicap.”] • Systemic or structural ageism 	<ul style="list-style-type: none"> • Low or very limited economic and employment opportunities for older persons • No comprehensive anti-poverty plan and program for older persons • Viewed as an extra economic burden, older persons are regarded as mere recipients of welfare support and not prioritized or not included in livelihood or economic support programs, in most cases • Inadequate Social Protection for older persons • Lack of support services for older persons • Intergenerational poverty or “transmitted poverty”; families are caught in a poverty trap or poverty cycle • Social exclusion of older persons 	<ul style="list-style-type: none"> • Most older persons are unemployed or are excluded from the labor market • Low economic and social mobility in old age • Older persons are not prioritized in legislation • Poor database / lack of comprehensive data on older persons
Resource Issues / Constraints	<ul style="list-style-type: none"> • Low access to and ownership and control of productive resources 	<ul style="list-style-type: none"> • No capital or financial resources to put up or establish own business, livelihood • Lack of access to land and other productive resources • Older persons, in most cases, have limited access to business loans, personal credit, and other forms of “capital assets” 	

Financial Insecurity

One nagging issue with poverty is that it could be both a cause and an effect. Some would say that some older persons are poor because they do not have financial and/or economic security. Others might contend that older persons are financially insecure because they are poor. At any rate, the fact remains—poverty and financial insecurity are mutually reinforcing.

In the study, Ageing and Health in the Philippines, Cruz et al. (2019) pointed out that, on average, older persons have at least two sources of income; the most cited income sources are children in the country (58 per cent), pension (42 per cent), and earnings from work (34 per cent)—as several older persons still opt to remain economically active by being employed. Of all older persons, 42 per cent receive income from pensions, yet “only 20 percent consider pension as their most important source of income, suggesting low levels of pay-outs in general” (Cruz et al, 2019). Interestingly, among all age groups, interest earnings from time deposits, savings, or earnings from stocks are the lowest source of income, which implies that most older persons in the Philippines have very limited fund reserves or financial investments of their own (negligible, in fact).

[Tabel 3] Sources of Income by Sex and Age

Source of Income	Sex		Age Group			Total
	Male	Female	60-69	70-79	80+	
Earnings from work	44.9	27.0	45.6	18.4	7.1	34.2
Pension	40.6	43.9	35.9	50.8	60.5	42.5
Interest from time deposits and savings, and earnings from stocks	1.4	1.7	1.9	1.2	0.7	1.6
Property and real estate rentals	3.0	1.5	2.0	2.1	3.0	2.1
Income from family business	7.7	14.0	13.8	8.4	5.3	11.5
Income from farm	28.4	19.6	24.1	20.8	23.5	23.2
Money from children within the country	54.8	60.7	54.7	62.7	68.5	58.3
Money from children outside the country	11.8	16.8	15.1	15.2	11.9	14.8
Money from other relatives outside the household	9.7	12.0	9.5	12.2	17.3	11.1
Mean number of sources of income	2.02	1.97	2.02	1.92	1.98	1.99
N (number of respondents)	2,411	3,574	3,760	1,552	673	5,985

Source: Calculated by Demographic Research and Development Foundation (DRDF) using original LSAHP data, as presented in Cruz et al. (2019).

The World Bank (2018), moreover, pointed out that the share of pensions and retirement benefits (as income sources) is indeed “minimal,” especially in the case of poor households, which “indicates the lack of financial security for the elderly.”⁵

[Tabel 4] Components of Household (HH) Income (in percent)

Income Source	Agri HHs	Rural HHs	Poor HHs	Poor Agri HHs	Agri HHs Rural HHs
Salaries and Wages					
Non-agriculture	7	36	26	5	6
Agriculture	24	6	15	30	22
Entrepreneurial incomes					
Non-agriculture	3	13	9	2	3
Agriculture	43	12	18	36	44
Transfers and remittances					
Foreign	2	10	2	1	2
Domestic					
Government	3	2	6	6	4
Private institutions	0	0	0	0	0
Other households	4	5	7	4	4
Rental value of owner-occupied dwelling	6	7	7	6	6
Pensions and retirement benefits	0	3	1	0	0
Other agriculture-related sources	6	3	5	7	6
Others	2	4	3	2	2

Source: World Bank. (2018). Making Growth Work for the Poor: A Poverty Assessment for the Philippines, Washington, D.C.: World Bank Group.

For his part, the Governor of the Bangko Sentral ng Pilipinas (Central Bank of the Philippines), Benjamin Diokno, stated in September 2020 that “Filipinos are not really that prepared for their retirement since they only set aside about 3.6 months’ worth of income for retirement, a far cry from the average of 2.9 years among Asians.” He also pointed out that “Filipinos expect that savings equivalent to about 2.1 years’ worth of personal income are enough for their retirement, the lowest level in the region, where the average is 12 years.” BSP Governor. Diokno, using data from the Philippine Statistics Authority (PSA), confirmed that “the share of social security benefits like retirement and survivorship pension (i.e., pension for surviving spouse), sickness, disability, death, and other related allowances or benefits in the country’s annual output is ‘relatively low’ at around 2 per cent from 2012 to 2017.”⁶

Mapa et al. (2011) observe that while it is expected that senior citizens would “accumulate savings during their working-age years to serve as a buffer in their retirement years,” this is in general not actually the case. In fact, given the relatively high young age dependency ratio in the Philippines, the saving rate of the elderly will be hindered, “particularly when the elderly [person] is not just supporting a single family (his children) but an extended family (his children and grandchildren) as well” (italics in the original), as Mapa et al. (2011) explain.⁷

[Tabel 5] Dependency Ratios Across Metro Manila Slums

City/Typology	General Dependency Ratio	Young Age Dependency Ratio	Old Age Dependency Ratio
Manila	57.58	52.34	5.23
Quezon	52.5	48.58	3.91
Muntinlupa	53.65	48.81	4.84
High dense	57.18	52.87	4.31
Linear	51.02	45.94	5.08
Mixed	52.12	47.66	4.45
Pockets	53.03	48.89	4.13
Wet	56.75	52.32	4.43

Source: Singh, Gayatri and Gadgil, Gauri. (2017). Navigating Informality: Perils and Prospects in Metro Manila’s Slums, World Bank, Washington D.C.

Moving on, Cruz et al. (2019) reported that married older women receive the highest median monthly income, PhP4,500; while married older men receive PhP3,000. An unmarried older person, on average, gets about PhP2,000 monthly income.

[Tabel 6] Median Monthly Income (in pesos), by Sex, Age, Marital Status

Civil Status	Sex		Age Group			Total
	Male	Female	60-69	70-79	80+	
Currently married	3,000	4,500	4,000	3,000	2,500	3,500
Not married	2,000	2,000	2,000	2,000	1,500	2,000
ALL	3,000	2,500	3,000	2,000	1,500	3,000

Source: Calculated by DRDF using original LSHP data, as presented in Cruz et al. (2019).

Based on these figures, one can readily say that the median monthly income of older persons is just slightly above the monthly poverty threshold of PhP2,200, which makes many of them nearly poor, if not poor (as in the case of unmarried older persons). Abad

(2020), quoting PIDS senior research fellow Jose Ramon Albert, reported that a household is considered “poor” if it “spends less than P2,200 (\$44) per person a month”, and if “a household spends less than P1,540 (\$31) per person a month,” then it is “food poor” or “extremely poor.”⁸

Poor Overall Economic Well-being

It is profoundly distressing to learn that “older Filipinos have generally poor overall economic well-being” (Cruz et al., 2019). While nearly all older person (OP) respondents in the 2018 LSAHP reported that they had at least one asset, it was mainly non-financial, such as the following: the house the OP resides in (85 per cent), appliances (56 per cent), and farms and/or fishponds (19 per cent). Moreover, only 15 per cent claimed ownership of real estate— a house and/or lot only other than their current place of residence. On 13 per cent “have cash” and 5 per cent “have bank savings” (Cruz et al., 2019)— all consistent with what the World Bank and the Central Bank of the Philippines have been saying.

With respect to total household income and expenditures, only four per cent said “they had enough money with some left over”, while 38 per cent said that they “had just enough for them to pay expenses with no difficulty.” Given the level of their median income, it is not surprising that a relatively high number of respondents, about 43 per cent, reported “some difficulty in meeting household expenses”, while 14 per cent of survey respondents said they had “considerable difficulty in meeting expenses, representing those in a poor economic state” (Cruz et al. 2019).⁹

[Tabel 7] Sufficiency of Household Income by Sex and Age

Sufficiency of Household Income	Sex		Age Group			TOTAL
	Male	Female	60-69	70-79	80+	
Self-assessed economic well-being						
There is enough (income), with money left over	3.1	5.6	4.6	4	5.7	4.6
Just enough to pay expenses, with no difficulty	37.8	38.6	40	33.6	38.1	38.2
Some difficulty in meeting expenses	46.4	40.3	41.7	46.7	39.6	42.8
Considerable difficulty in meeting expenses	12.7	15.6	13.7	15.7	16.7	14.4
N (respondents)	2,192	3,246	3,610	1,391	437	5,438

Source: Calculated by DRDF using original LSAHP data, as presented in Cruz et al. (2019).

Alarming, nearly one in four older persons (22 per cent) reported “having liabilities, the most common being loans from moneylenders such as pawnshops, credit unions, and cooperatives (43 per cent), followed by personal loans (22 per cent)” (Cruz et al., 2019).

Social Pension is not Enough

Cruz et al. (2019) also pointed out that the government’s social pension for indigent older Filipinos “has helped alleviate but not solve the poverty in which many older persons are trapped”, and called for better targeting of the intended poorest beneficiaries. They urged that “future generations of older persons should also be educated to prepare well for their retirement.”

A PIDS Discussion Paper released in September 2019 likewise recommended that there should be a “better targeting system” to “improve access of indigent seniors to the social pension program”.¹⁰ In the paper, Reyes et al. (2019) also contended that:

. . . the PHP 500 monthly stipend, corresponding to only 24 percent of the per-capita poverty threshold or 34.1 percent of the per-capita food threshold in the first semester of 2018, may not be adequate to sustain the day-to-day needs of indigent senior citizens, particularly if given only every six months. The government may need to revisit the amount and frequency of payouts of the social pension program. Increasing the monthly stipend while improving the targeting system to target indigent senior citizens will ensure that the social pension will be an effective social protection program for poor and disadvantaged senior citizens.



Photo by Nikko Balanial on Unsplash

Even the National Economic and Development Authority (NEDA), in its Socioeconomic Report 2018, admitted that while “more senior citizens were provided with social pensions, but the real value of benefits has been eroded.” NEDA proposed that “there is a need to increase the pension received by senior citizens since the amount they receive (i.e., PHP500 per month) has not increased since 2011 and price inflation has already diminished its purchasing power.”

Human rights defenders have long regarded poverty as a “structural violation of human rights.” Poverty and squalor extinguish human dignity and the independence, self-fulfillment, and various political, socio-economic, and cultural rights of older persons are being compromised. It may seem a tall order but, collectively and through intergenerational solidarity, let us put an end to the age-old problem of old age poverty.

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Poverty in Later Life



Photo by Josh Appel on Unsplash

Introduction

Age UK believes that all current and future pensioners should have enough money from state and private sources to live comfortably and participate fully in society. However, too many older people in the UK face poverty and financial disadvantage which prevents them from making the most of later life. This briefing looks at levels of pensioner poverty in the UK, changes over time, groups at greatest risk and considers what life is like for older people living on a low income.

Key Points

- Although poverty levels are lower than they were 20 years ago, the latest figures show 2.1 million (18 per cent) of pensioners in the UK live in poverty. Rates have risen since 2013-14 when 1.6 million (14 per cent) lived in poverty.
- Some groups are at particular risk –
 - 38 per cent of private tenants and 36 per cent of social rented sector tenants, live in poverty compared to 14 per cent of older people who own their home outright.
 - 33 per cent of Asian or Asian British pensioners and 30 per cent of Black or Black British pensioners, are in poverty compared to 16 per cent of White pensioners.
- Financial disadvantage is not just about income coming in – it is harder to manage on a modest income when people have extra costs, for example due to disability or care needs or if heating bills are high because they live in a cold, poorly insulated home.
- The Government should set out a clear reform programme, in partnership with third sector organisations and others, to abolish poverty in later life.
- In an ideal world, the State Pension system should provide an income sufficient to cover basic needs, and everyone would have opportunities to build up additional private incomes which would allow a comfortable retirement.
- However, there is a long way to go to achieve this aim and, in the meantime, far more needs to be done to increase the take-up of benefit entitlements.

What do we mean by Poverty?

We consider people to be living in poverty when their resources are not enough to meet their basic needs and to allow them to take part in society. This could mean struggling to cover food and energy bills, watching every penny spent, worrying that nothing is set aside for a sudden emergency such as the cooker breaking down, or being unable to afford the cost of transport to visit a friend or go to a social club.

Poverty and low income can be defined and measured in different ways and people's individual needs and circumstances vary. However, the most commonly used definition is to say that someone in the UK is in poverty if they live in a household with an income below 60 per cent of current median (or typical) household income, taking into account the number of people living in the household. Unless otherwise stated, in this paper we

define poverty in this way, and we use figures calculated after people have met their essential housing costs. These figures are drawn from the annual DWP Households Below Average Income (HBAI) statistics – see the appendix for more information.

Other ways to look at poverty include:

- Material deprivation, which is measured by asking if people lack certain goods and services and is also covered in the HBAI report (see below).
- Minimum income standards – these look at the cost of goods and services required by different households to reach an acceptable standard of living, as seen in the extensive work by Joseph Rowntree Foundation.¹
- Self-reported measures - people are asked how well off they consider themselves.
- Measures based on a range of factors, not just income. For example, the Social Metrics Commission is developing a measure that aims to include ‘inescapable costs’ and also takes into account any savings someone has access to.²

Why are People in Poverty in Retirement?

People’s financial position in retirement, is generally linked to their circumstances over the course of their lifetime. Private pension provision, in particular, is closely related to employment history – both time spent in work and earnings levels. On average, women have lower individual retirement incomes than men reflecting their lower average earnings and time out of the labour market or working part-time raising children and providing care to older and disabled relatives or friends. Other factors associated with lower income (before and after retirement) are being from a minority ethnic group, disability, caring and being self-employed. The impact of these, overlapping, characteristics are explored in the Pensions Policy Institute’s work on the ‘underpensioned’.³

As well as lifetime income, retirement finances are affected by decisions people take about saving. However, even the best financial plans can be thrown off track by life events such as illness, redundancy, bereavement, or relationship breakdown.

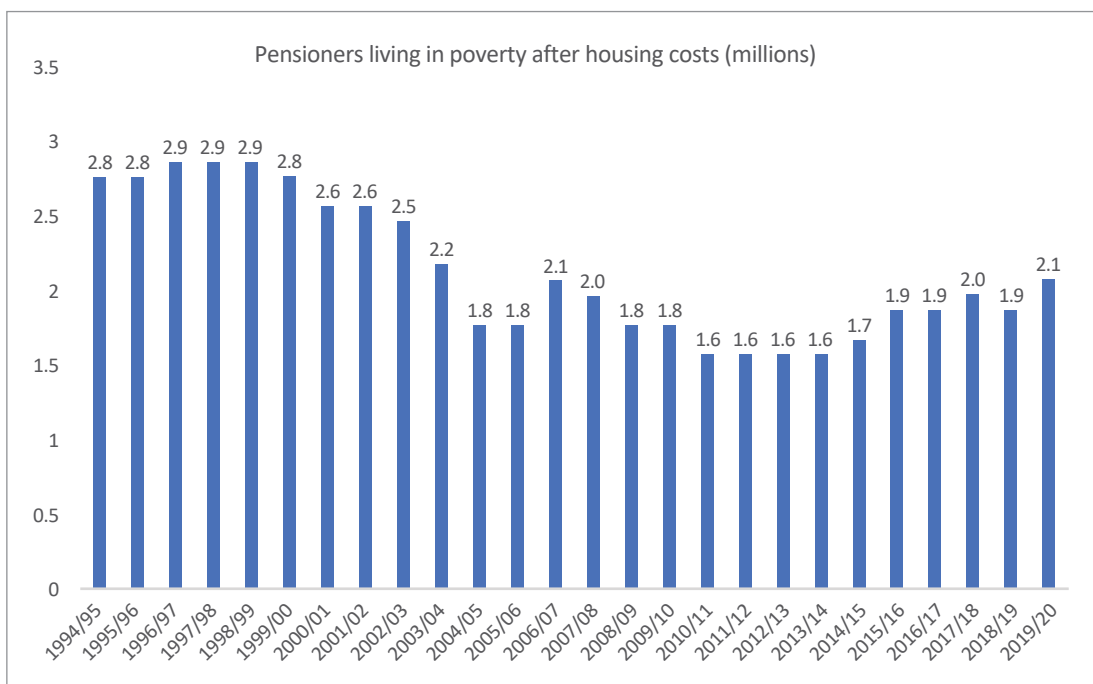
Once people have reached retirement, they often have little opportunity to increase pension income or savings, however, they may be able to improve their financial situation by claiming social security entitlements. Worryingly, many miss out on these rights – the latest estimates show around £2.2 billion of Pension Credit and Housing Benefit alone are unclaimed by pensioners in a single year in Great Britain.⁴ Older people may not know what is available for them, may feel they are not entitled to any help, may be put off by

the process of claiming, or struggle on alone reluctant to ask for help.

Levels of Pensioner Poverty in the UK and Changes over Time

Based on the most commonly used definition set out above (that is, income of less than 60 per cent typical household income after housing costs) 2.1 million pensioners (18 per cent) are living in relative poverty.⁵

The number of pensioners in poverty is much lower than 20 years ago. However, the main reduction occurred in the first decade of this century. From 2010/11 the numbers remained steady at 1.6 million until 2013/14. Since then, worryingly, they have risen reaching 2.1 million in the most recent year.⁶



Source: Households below average income: for financial years ending 1995 to 2020, DWP 2021. (Figures are after housing costs.)

A similar picture is found if we look at the percentage, rather than the numbers, living in poverty. After housing costs, 29 per cent of pensioners were in poverty in 1998/99, falling to between 13 and 14 per cent in the first half of the 2010s (2010/11 to 2014/15) then rising to 18 per cent in 2019/20.⁷

The Risk of being in Poverty

As stated above, in 2019/20 18 per cent of pensioners in the UK had incomes, after housing costs, of less than 60 per cent median household income.

- Of these, over half (or 10 per cent of all pensioners) had incomes of less than 50 per cent median income (sometimes described as ‘severe poverty’).
- 9 per cent had incomes above 60 per cent but less than 70 per cent, of median income (sometimes described as ‘just above the poverty line’).

Some groups of pensioners are at greater risk of living in poverty⁸:

- Tenants: 38 per cent of private tenants and 36 per cent of social rented sector tenants, compared to 14 per cent of older people who own their home outright.
- Pensioners from minority ethnic groups: 33 per cent of Asian or Asian British pensioners and 30 per cent of Black or Black British pensioners, compared to 16 per cent of White pensioners.⁹
- Older pensioners: 22 per cent of those aged 85+ and 19 per cent of those aged 80-84 compared to 17 per cent of 65-69 year olds.
- Women: 16 per cent of women compared to 20 per cent of men.
- Single older women: 27 per cent of single women pensioners, compared to 23 per cent of single men and 13 per cent of pensioners in couples.

Material Deprivation

The annual DWP HBAI report also includes a measure of ‘material deprivation’ among people aged 65 and over. This is based on questions which ask if people have access to 15 basic items or services that research has shown to be a good indication of quality of life among older people: for example - having a damp free home, being able to pay regular bills, and seeing friends or family at least once a month. People are considered to be in material deprivation if they reach a certain threshold which links to lacking 3 or 4 items or more. The latest figures from DWP, found that around 700,000 people aged 65 or over (6 per cent) were in material deprivation in 2019/20.¹⁰

In the survey, if respondents do not have the item, or do not take part in the activity, they are asked why not. They can say that they do not have money for the item, or they can

choose other options, such as their health prevents them, or it is too much trouble.¹¹

The table below gives the responses to some of the items and the main reason people give for saying no. For example, it shows that seven per cent of people aged 65+ say they would not be able to replace their cooker if it broke, with the main reason being lack of money. On the other hand, health or disability is the most common reason why nearly a fifth (18 per cent) of people do not go out socially at least once a month.

**Material Deprivation selected items and services lacking among pensioners aged 65 and over:
and the most common reason for 'no' response, 2019/20**

Item of Material Deprivation	Percentage 65+ responding no	Most common reason for 'no' response
Able to replace cooker if it broke down	7	No money for this
Able to pay regular bills	2	No money for this
Have a damp free home	5	Other reason
Home kept adequately warm	2	No money for this
Have access to a car or taxi, whenever needed.	7	No money for this
Go out socially at least once a month	18	Health/disability prevents me
Take a holiday away from home	36	Health/disability prevents me

In addition, 8 per cent of people aged 65+ said they would not be able to meet an unexpected expense of £200.

The Link between Low Income and Material Deprivation

As set out above, 18 per cent of pensioners are in relative income poverty and 6 per cent of those aged 65+ are in material deprivation.¹² However, only two per cent of people aged 65+ are in both relative poverty and material deprivation. xii This may reflect the different options people can give to the material deprivation questions – for example, responses include health and other barriers. This makes material deprivation a measure reflecting disadvantage more broadly than looking at income alone. Having said that, even if money is not the main reason for a 'no' response, information provided in the HBAI tables shows there is still an association. For example, health or disability is given as the main reason why 18 per cent of people aged 65+ say they do not go out socially at least once a month. However, among the poorest fifth the proportion who do not go out once a month is much higher (24 per cent) than among the richest fifth (8 per cent).

Financial Disadvantage is not just about Income

Qualitative research conducted for the DWP explored the links between income poverty and material deprivation.¹³ This found that although income influences material circumstances, a much wider range of factors contribute to ‘pulling up’ or ‘pushing down’ the position of a person living on a low income. These include: social support networks, health, financial management, area and housing support, and attitudes and priorities.

Age UK carried out interviews with older people who told us they were finding it difficult to manage financially or were only just getting by.¹⁴ Often this was about increasing costs as well as income. People were spending more on utilities, healthcare items, and paying for services or jobs at home than they had done previously. Heating bills were a worry – older people tend to spend a lot of time at home and some live in cold poorly insulation properties. One interviewee told us:

‘In winter the bills are very, very heavy. You go to my room now, it’s very cold. There’s nothing I can do to heat my room in winter, it takes ages to start warming up.’

When the people we talked to, or their partner, had health conditions and care needs this could entail extra costs. For example, one woman caring for her disabled husband said:

‘The washing machine has to go on every day because [the carers] use a lot of towels. And he gets clean sheets four or five times a week if his catheter bypasses. It all has to be paid for.’

While the people we interviewed all recognised the importance of having a savings cushion to fall back on, not everyone had this. And some had debts that they were struggling to pay. One said:

‘I’ll have these debts until I die. It will take me that long to pay them off, I know I won’t.’

We found that people used various mechanisms to cope with living on a low income including maximising income through claiming benefits, staying in work (in the case of 2 people in their early 70s), cutting down, doing without wherever possible, turning down social invitations due to cost, and adopting a mind-set of ‘making do’. However, constant, and careful money management can be stressful and can mask the levels of financial hardship people are experiencing.

Living on a Low Income

We also hear more about what day-to-day life feels like trying to manage on a low income from the people who contact us at Age UK. This includes cutting back, doing without, constantly worrying about making ends meet, while an unexpected bill can cause major problems.

Our Advice line receives many calls from individuals, or their families, worried about money. Some examples are:

- A man who was nearly 90 and lived alone had a leaking roof which had recently soaked his staircase. He was receiving Pension Credit and could not afford to get it mended. His family asked if there was any help available.
- A relative contacted us about a man in his 80s who kept having problems with his electricity and could not afford the new fuse box needed. The family were in daily contact, but it was only when they visited and found him in a cold, dark house that they realised the problem as he had not wanted to worry them.
- A couple with health problems told us they were living on a low income and finding it difficult to buy food. On top of that they had a large energy bill and rent arrears.

Other people have been in touch with our Campaigns team to tell us in their own words about the pressures they face. Some examples are:

- “Being a pensioner, you look at your money and wonder if you can afford to pay the bills, food, electric and gas rates and council tax and have enough money now and then to have a treat. People are worrying if they can go to the theatre which is impossible on a state pension, although that would be a great treat. We are happy if we could buy some chocolates for a treat.”
- “Having lost my job during the lockdown, we are having to survive on my husband’s pension. There is no other option and no other financial assistance available to us. We have cut back on everything we can just to make ends meet. I cannot get my pension for another 5 years and employers just don’t seem interested in someone of my age.”
- “I worked hard all my life and saved so I could enjoy my retirement. With everything going up in price I now have to watch my pennies. I dread my winter bills arriving.”
- “[Having enough money would] allow me to have a life rather than an existence. It takes the stress out of my life and would allow me to feel I can stay warm and eat well. It would make me feel valued rather than just a burden on society, as at present I feel like a nuisance to the government and the young people.

Conclusions and What needs to be Done

Some people can look forward to a comfortable retirement, and it is good news that poverty levels are considerably lower than they were a couple of decades ago. However, there are over 2 million pensioners living in poverty. The impact on current and future poverty should be considered in all policy decisions which are likely to affect retirement income. And while income poverty is easiest to measure and track, it is important to continue to look at other measures, such as material deprivation and the JRF Minimum Income Standard, which provide a broader picture of the experience of older people.

Age UK's policy calls

- The Government should set out a clear reform programme, in partnership with third sector organisations and others, to abolish poverty in later life.
- The State Pension system should provide an income sufficient to cover basic needs and, in addition, people need opportunities to build up private incomes which allow a comfortable retirement.
- If everyone had an adequate income from pensions, there would be far less need for means-tested top ups and additional one-off payments such as the winter fuel payment. However, there is a long way to go and, in the meantime, it's important that current support is maintained, and benefit take-up increased through: ongoing publicity, changes to administration and looking at ways of placing less onus on the individual to navigate a complicated system of benefits.
- Financial disadvantage also needs to be addressed through good social support, affordable essential goods and services, and access to information, advice, and practical help to enable people to maximise their income and make the most of what they have.

Appendix

The Households Below Average Income (HBAI) Statistics

These annual DWP statistics provide a wide range of information about poverty and low income.¹⁵ In this briefing we mainly use a definition of relative poverty whereby people are considered to be in poverty if they live in a household with an income of less than 60 per cent of contemporary household income. HBAI also looks at 'absolute poverty' using 2010/11 household income, as a baseline.

While 60 per cent is the threshold generally considered as the poverty line, figures are also given on the numbers and proportion of people with incomes below 50 per cent and 70 per cent of household income.

Income is net of taxes such as income tax, National Insurance and council tax, and can be measured before or after housing costs (BHC or AHC). If income is on an 'after housing costs' basis this is the income remaining once people have paid certain costs such as rent, mortgage interest and water charges.

To compare living standards of different size households, income is adjusted to take into account people living in the household using an agreed scale – described as 'equivalisation'.

The DWP gives the example of three households which each have an income of £300 a week. The process of equivalisation, as conducted in HBAI, gives an equivalised income of £448 to the single person, £300 to the couple with no children, and £214 to the couple with children.¹⁶

Note:

The original source of this article is Age UK's 'Poverty in later life' Brief (June 2021). The brief is available on the Age UK's website at: https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/money-matters/poverty_in_later_life_briefing_june_2021.pdf.

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- 1 <https://www.jrf.org.uk/income-benefits/minimum-income-standards>
- 2 <https://socialmetricscommission.org.uk/>
- 3 <https://www.pensionspolicyinstitute.org.uk/sponsor-research/research-reports/2020/2020-12-08-the-underpensioned-index>
- 4 Income-related benefits: estimates of take-up 2018-19, DWP October 2020. <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2018-to-2019>
<https://www.gov.uk/government/collections/income-related-benefits-estimates-of-take-up--2>
- 5 Households below average income: for financial years ending 1995 to 2020, DWP, 2021. <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2020>
- 6 As above, table 6.3tr
- 7 As above, table 6.1tr
- 8 As above, tables 6.5db and 3.5db
- 9 Due to the small number of older people in non-white groups this is based on a three year average
- 10 As above, table 6.10db
- 11 As above, table 6.11db (AHC)
- 12 Age UK calculation using <https://stat-xplore.dwp.gov.uk/webapi/jsf/login.xhtml>
- 13 Kotecah, M. Arthur, S and Coutinho, S (2013) Understanding the relationship between pensioner poverty and material deprivation. DWP
- 14 Struggling on Experiences of financial hardship in later life, Age UK 2019, https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/lr-6064-age-uk-financial-hardship-final_v1.pdf
- 15 Households below average income: for financial years ending 1995 to 2020, DWP, 2021 <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2020>
- 16 <https://www.gov.uk/government/statistics/pensioners-incomes-series-financial-year-2019-to-2020/pensioners-incomes-series-background-information-and-methodology-financial-year-2019-to-2020>

The Poverty of Vietnamese Older Persons: Observation from a National Survey



Photo by Tyler Morgan on Unsplash

Introduction

In Vietnam, the population is ageing very fast. According to the General Statistics Office (GSO) (2021), in 2009, the Vietnamese older population (those aged 60 and over) was 7.45 million; in 2019 it was 11.41 million (accounting for 8.68 and 11.86 per cent of the total population respectively).¹ GSO (2020)'s population projections for the period 2019-2069 under the medium fertility rate assumption showed that Vietnam will turn into an

“aged” population from 2036 when the rate of the population aged 65 and over will be 14.2 per cent.²

Thanks to the swift economic transformation known as Doi moi, since 1986, Vietnam has achieved rapid economic growth as well as poverty reduction. The well-being of most Vietnamese people has been improved. However, certain groups of people, including older persons, and especially those living in rural or disadvantaged areas, have remained poor, or highly vulnerable to poverty (Le et al., 2005).³ They are more likely to depend on their savings and family support than on social security (Giang & Pfau, 2009).⁴ Older persons living in rural areas are more likely than their urban counterparts to lack quality housing and access to healthcare services and information (HelpAge International, 2018).⁵

Recognizing the status of old age poverty is critical to providing evidence for poverty reduction policies and social security programs in the context of a rapidly aging population in Vietnam. There has been, however, a limited number of studies on old age poverty in Vietnam. Using data from the Vietnam Household Living Standard Survey (VHLSS) in 2004, Evans et al. (2007) found that 18.2 percent of Vietnamese older persons were living in poor households.⁶ However, the authors used aggregate data for elderly households without differentiating urban and rural areas, the socioeconomic conditions of which could be substantially different. Giang and Pfau (2009) also used data from VHLSS 2004 to explore the status of poverty among older people in Vietnam by rural and urban areas. The authors found that urban older persons had a substantially lower poverty rate than their rural counterparts (4.3 per cent vs. 22.8 per cent, respectively).⁷ With a cross-sectional data set, however, those studies did not address the trend in poverty among older persons. Giang and Phi (2016) used data from VHLSS in 2002, 2006, 2010 and 2014 to provide analyses on older people’s poverty over time. The authors showed that old age poverty rates decreased significantly over time.⁸ Nevertheless, there were large gaps between different groups of older people in terms of age, living area, ethnicity, and educational level. Similarly, using VHLSS in 2010 and 2016, Vu and Nguyen (2021) also showed that old age poverty rates in Vietnam declined substantially from 2010 to 2016, from 20.5 per cent in 2010 to 9.1 per cent in 2016.⁹

All the above-mentioned studies did not discuss any health-related characteristics of older people along with their poverty statuses because VHLSS did not have data on the health of older persons. To address this issue, alongside demographic and socio-economic factors, our study of the poverty status of older people also examined health-related factors.

Our paper is organized as follows. The next section presents data and method. Then we provide key findings. The last section presents our discussion of policy implications.

Data and method

1. Data

In this paper, we used the Survey on Older Persons and Social Health Insurance (OP&SHI), which was designed with reference to various international survey questionnaires to do with ageing. The OP&SHI was conducted during June-November 2019, and it was the second nationally representative survey for the population aged 50 and above.¹⁰ The sampling of the OP&SHI was based on information from the 2019 Population and Housing Census. The probability proportional to size (PPS) and systematic random selection methods were used to define the survey sample. Eligible participants were selected from 12 provinces of six socio-economic regions in Vietnam. Face-to-face interviews using structured questionnaires were conducted. There were 4,333 persons aged 50 and over for the final surveyed sample. As older persons are those aged 60 and over, the total sample size for this study was 3,049 persons.

The OP&SHI provided a very rich set of respondents' data, including health indicators (such as chronic diseases) and socio-economic indicators (e.g., employment status, age, marital status, gender, place of residence, the highest educational level, and household financial situation). These information sets have been standardized and are widely used by international and local organizations (such as the World Health Organization and Vietnam's General Statistics Office) in demographic, socio-economic and health surveys that enabled us to examine the research questions of this study.

2. Method

In this paper, the poverty rate is measured by the percentage of the older population that is living in poor households. This was determined by the question "Is your household poor or not?", and there were three options as answers: "poor household", "near poor household", and "not poor household". An older person was poor if he/she lived in a "poor household".

We explored the situation of older persons' poverty along with various individual and household characteristics. These variables are described in Table 1.

[Table 1] Description of variables

Variable	Description
Age	Categorized into three groups: 60-69 (young old); 70-79 (middle old) and 80 and over (80+, the oldest old)
Sex	Categorized into male and female
Marital status	Categorized into three groups: currently married; widowed; and other (single, separated, and divorced)
The highest educational level	Categorized into three groups: no schooling or incomplete primary; less than high school; and high school and above
Ethnicity	Categorized into two main groups: Kinh (the majority) and other ethnicities (the minority)
Living area	Categorized into urban and rural
Living arrangements	Categorized into four groups: live alone; live with spouse only; live with at least one child; and live with other persons
Receipt of retirement benefits	Categorized into two groups: receiving (yes), and not receiving (no)
Receipt of social assistance benefits	Categorized into two groups: receiving (yes), and not receiving (no)
Self-rated health	There were five options for responding to self-assessment of health status: very good; good; normal; bad; and very bad. In this paper, we categorized this variable into two group: good (including very good; good; and normal) and bad (bad and very bad)
Number of functional limitations	Each older respondent was asked to evaluate how difficult their physical health made five activities (lifting or carrying something as heavy as 5 kg; crouching or squatting; using fingers to grasp or hold things; standing up when sitting down; and extending arms above shoulder level). There were four options (no; mild; severe; and cannot do at all). In this paper, a person is regarded as having no functional limitation if he/she responded “no difficulty” to all mentioned activities.

We calculated the percentage of older persons living in poor households by these characteristics and provided statistical analyses of their poverty situations. In all calculations, we used sample weight to make the results nationally representative for the older population in Vietnam.

Key results

Table 2 provides a summary of statistics for the aforementioned variables of older persons in 2019. Among the older population, by age, the young older persons (60-69 years old)

was the largest group, comprising 59.23 per cent, followed by the middle old (70-79 years old), while the oldest old accounted for 16.17 per cent. Approximately 59 per cent of the older persons were women.

More than 62 per cent of older persons were married, while the widowed older persons accounted for 31.32 per cent. The older persons with other marital status (single, separated, divorced) were only at 6.23 per cent.

Regarding educational levels, more than 37 per cent of the older persons had no schooling or incomplete primary level, while the percentage of the older persons who finished high school or above was nearly 17 per cent. The largest group, 45.74 per cent, completed primary or secondary school.

More than 95 per cent of the older persons were Kinh people, whereas only 4.54 per cent belonged to the other 53 ethnic minorities. The share of the older population who still live in rural areas was 68.77 per cent.

With regard to living arrangements, 65.59 per cent of the older persons were living with their children, while around 17 per cent of them were living with only their spouse.

While the percentage of the older persons who receive retirement benefits was only 16.65 per cent, the percentage of the older persons who receive social assistance reached 26.96 per cent.

About health status, 51.98 per cent of the older persons self-rated their health as bad. More than 74 per cent had at least one functional limitation.

[Table 2] Statistical description

Characteristics	N	weighted % of total
Age		
60-69	1,307	59.23
70-79	879	24.60
80+	863	16.17
Sex		
Male	1,219	41.52
Female	1,830	58.48
Marital status		
Currently married	1,744	62.45
Widowed	1,176	31.32
Other (single, separated, divorced)	129	6.23

Characteristics	N	weighted % of total
Highest educational level		
No schooling or incomplete primary	1,425	37.35
Less than high school	1,289	45.74
High school and above	335	16.91
Ethnicity		
Kinh	2,642	95.46
Other	407	4.54
Living area		
Urban	468	31.23
Rural	2,581	68.77
Living arrangements		
Alone	318	9.06
With only spouse	563	17.27
With at least one child	1,941	65.59
Other	227	8.08
Receiving retirement benefits		
Yes	423	16.65
No	2,626	83.35
Receiving social assistance benefits		
Yes	1,179	26.96
No	1,870	73.04
Self-rated health		
Bad	1,715	51.98
Good	1,270	48.02
Number of functional limitations		
No	644	25.98
At least one limitation	2,405	74.02

Source: Own calculations, using data from OP&SHI 2019

Table 3 shows the percentage of older persons living in poor households in 2019 by various individual and household characteristics. The poverty rate among the aged population was 7.4 per cent. Poverty status among the older population generally varied across different demographic groups.

By age group, the young-old experienced the lowest poverty rate, while the middle-old had the highest poverty rate. This result was partly different from previous studies on poverty in old age, where the poverty rate increased with advancing age and, the oldest old suffered the highest rate.

Regarding gender, older women had a significantly higher poverty rate than their male counterparts (9.19 per cent compared to 4.87 per cent).

In regard to marital status, older persons with other marital statuses (single, separated, and divorced) had the highest poverty rate (21.7 per cent). The married persons had the lowest poverty rate, at only 4.83 per cent.

By educational attainment, generally, older persons who had higher education levels had less poverty. But the poverty rate of older persons with no schooling or incomplete primary was the highest, at 12.32 per cent.

In respect of ethnicity, there was a large gap between the Kinh and other minority groups. Kinh persons had a significantly lower poverty rate than their ethnic minority counterparts, at 6.98 per cent and 16.14 per cent respectively.

In terms of rural and urban areas, the poverty rate of rural persons was higher than that of their urban counterparts, with 9.11 per cent and 3.64 per cent respectively.

With regard to living arrangements, the poverty rate of older persons living alone was the highest, at 25.7 per cent, followed by 10.09 per cent of those living with others, and 6.17 per cent of those living with only their spouse. The lowest rate was for those living with their children (or at least one child), at 4.86 per cent.

Regarding receiving social benefits, elderly households in receipt of retirement benefits had a lower poverty rate than their non-recipient counterparts. It is interesting to observe that elderly households in receipt of social assistance experienced a largely higher poverty rate than their non-recipient counterparts.

Concerning health status, the poverty rate of older persons who were in bad health was substantially higher than that of those who were in good health. However, there was a slight difference in poverty rate between those having no functional limitations and those with at least one functional limitation.

[Table 3] Percentage of older persons living in poor household, by various characteristic

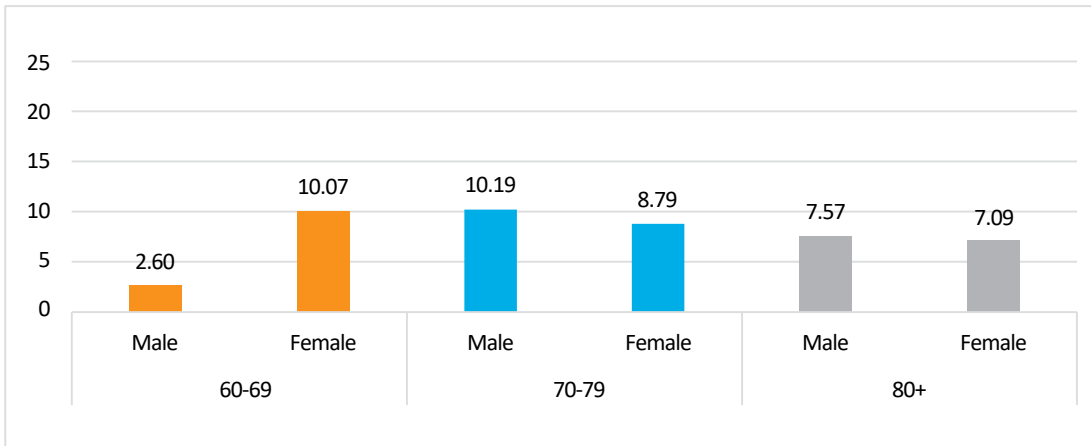
Characteristics	%
Total	7.40
Age	
60-69	6.66
70-79	9.27
80+	7.27

Characteristics	%
Sex	
Male	4.87
Female	9.19
Marital status	
Currently married	4.83
Widowed	9.68
Other (single, separated, divorced)	21.70
Highest educational level	
No schooling or incomplete primary	12.32
Less than high school	4.80
High school and above	3.54
Ethnicity	
Kinh	6.98
Other	16.14
Living area	
Urban	3.64
Rural	9.11
Living arrangements	
Alone	25.70
With only spouse	6.17
With at least one child	4.86
Other	10.09
Receiving retirement benefits	
Yes	2.40
No	8.40
Receiving social assistance benefits	
Yes	13.85
No	5.02
Self-rated health	
Bad	9.31
Good	5.40
Number of functional limitations	
No	6.11
At least one limitation	7.85

Source: Own calculations, using data from OP&SHI 2019

Figure 1 shows the percentage of older persons living in poor households by age and gender. For the young-old (60-69), it was consistent with the general result, in which the female older persons had a higher poverty rate than their male counterparts, 10.07 per cent and 2.6 per cent respectively. However, the male older persons experienced a slightly higher poverty rate among the middle-old (70-79) and those aged 80 and above.

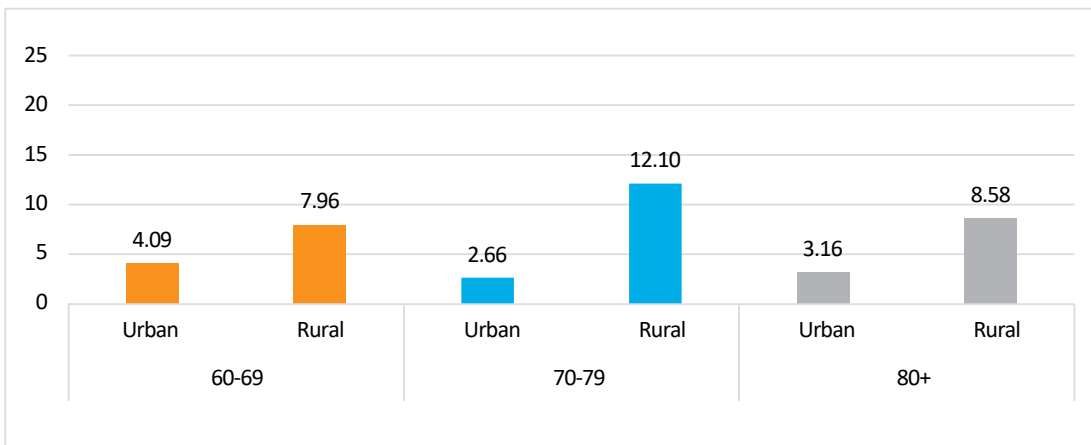
[Figure 1] % living in poor households, by age and gender



Source: Own calculations, using data from OP&SHI 2019

Figure 2 presents the percentage of older persons living in poor households by age and living area. The rural persons suffered a higher poverty rate than their urban counterparts; the rural persons aged 70-79 had the highest poverty rate among rural and urban older people in all age groups.

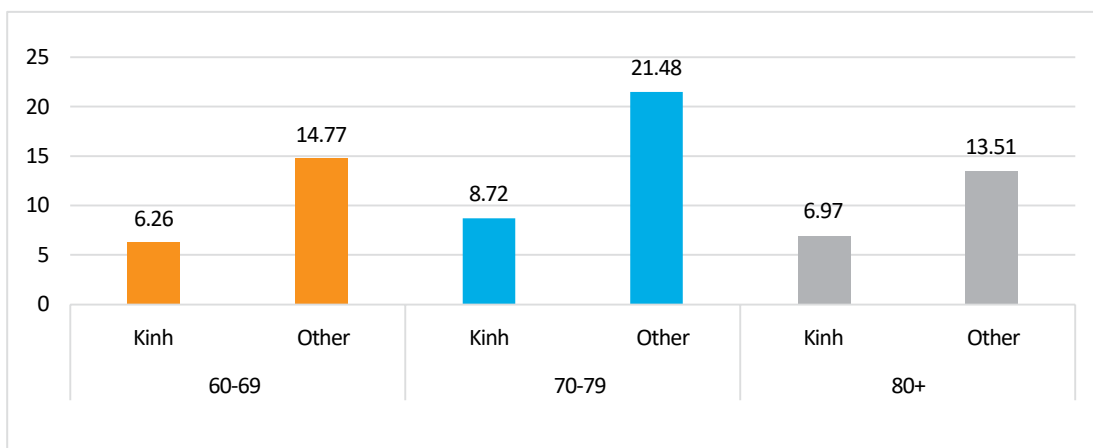
[Figure 2] % living in poor households, by age and living area



Source: Own calculation from OP&SHI 2019

Figure 3 displays the proportion of older persons living in poor households in term of age and ethnicity. Generally, the poverty rate of minority groups was higher than for Kinh for all age groups among the older population. The poverty rate was the highest among minority groups aged 70-79, and lowest among the Kinh group aged 60-69.

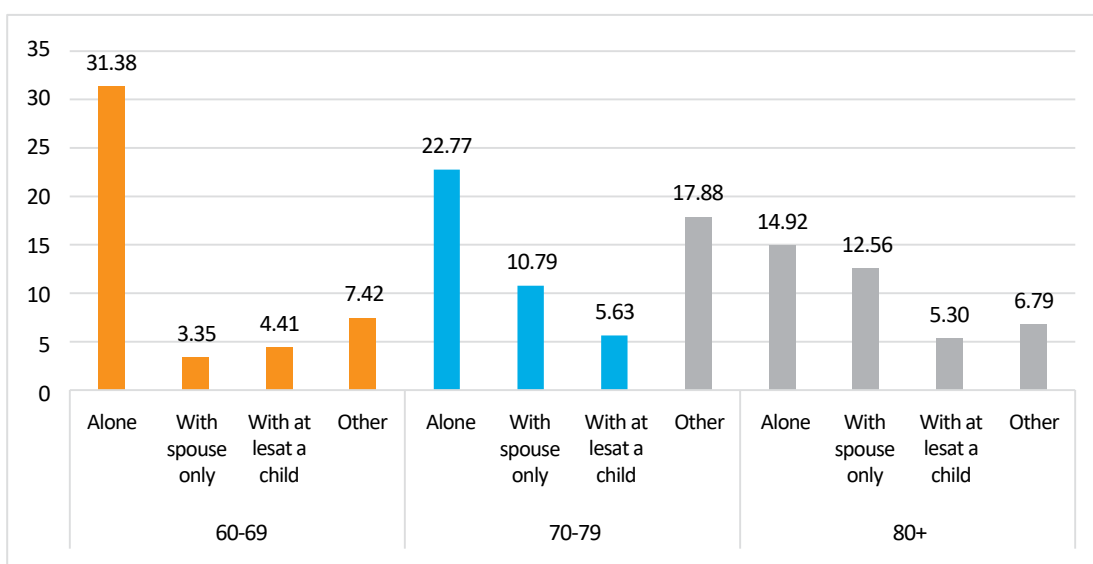
[Figure 3] % living in poor households, by age and ethnicity



Source: Own calculation from OP&SHI 2019

Poverty rates varied by age and living arrangements, as shown in Figure 4. Older persons living alone always had the highest poverty rate in all age groups, but this decreased with advancing age. Those living with at least one child in the 70-79 group and the 80 and over group, or living with only their spouse in the 60-69 group, had the lowest poverty rates.

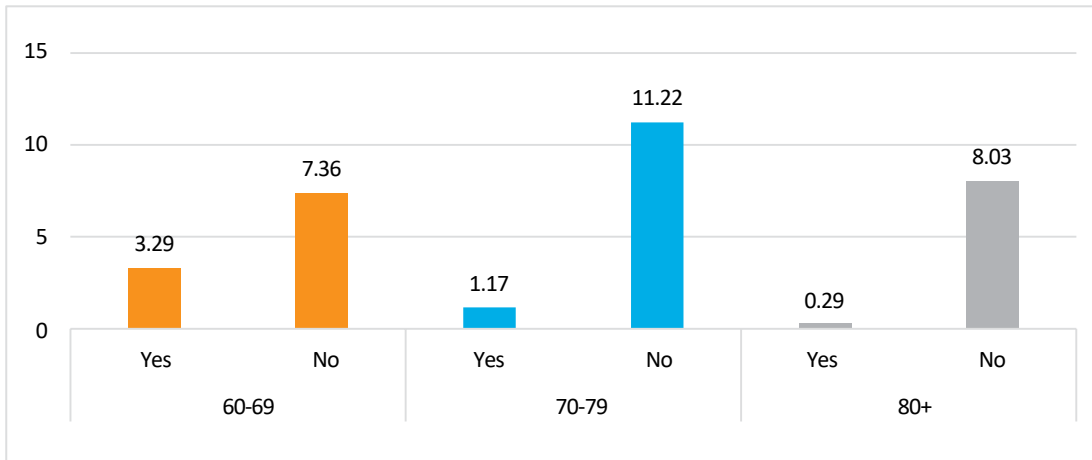
[Figure 4] % living in poor households, by age and living arrangements



Source: Own calculations, using data from OP&SHI 2019

Figure 5 presents the proportion of older persons living in poor households in terms of age and receipt of retirement benefits. Those receiving retirement benefits always had significantly lower incomes than their non-recipient counterparts in all age groups. The poverty rate for recipients declined with advancing age, reaching 0.29 per cent among those aged 80 and over.

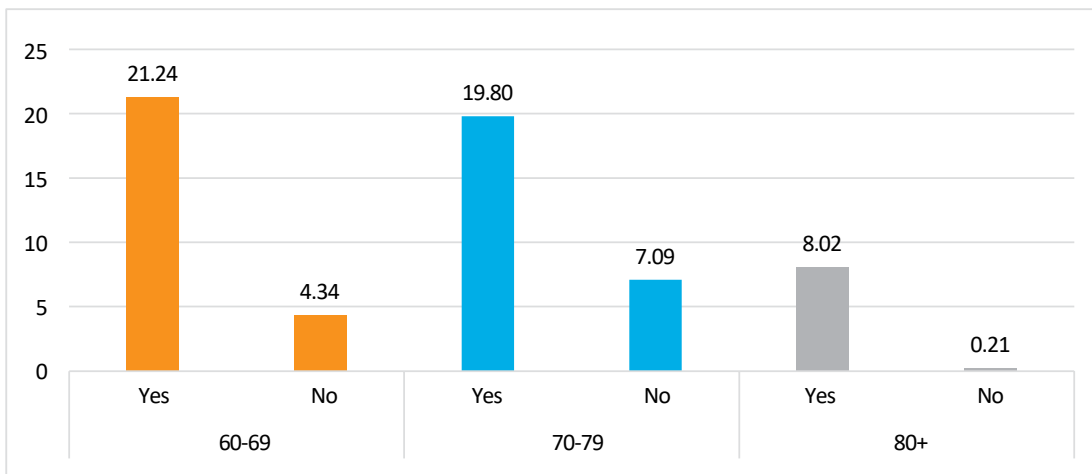
[Figure 5] % living in poor households, by age and status of retirement benefits receipt



Source: Own calculations, using data from OP&SHI 2019

Figure 6 shows the percentage of older persons living in poor households, by age and status of social assistance benefits receipt. In all age groups, those who were recipients of social assistance benefits had a higher poverty rate than their counterparts. The poverty rate of older persons receiving assistance benefits was lower in higher age groups.

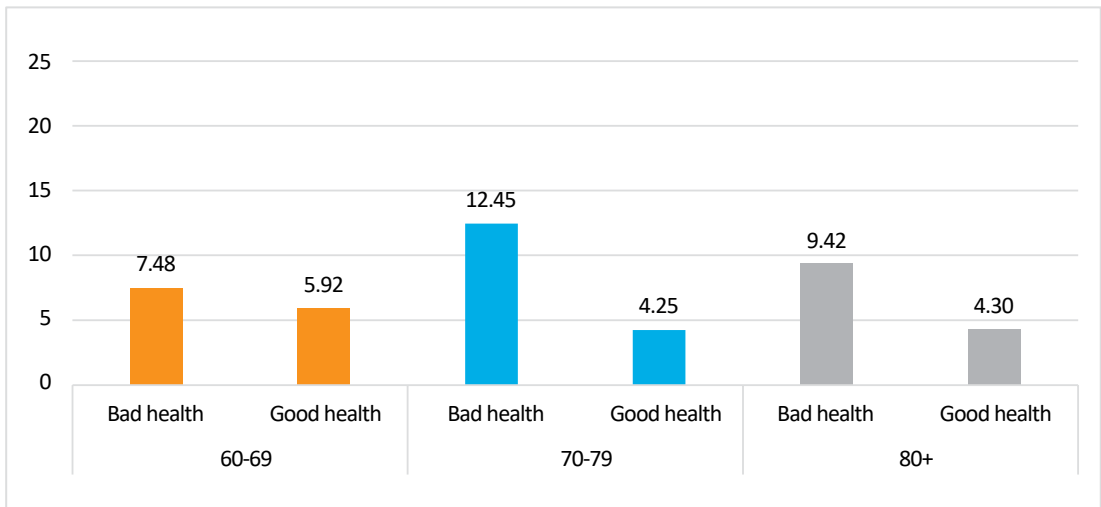
[Figure 6] % living in poor households, by age and status of social assistance benefits receipt



Source: Own calculation from OP&SHI 2019

Figure 7 presents the poverty rate of older persons by age and self-rated health. Older people with bad health always had a higher poverty rate than their healthy counterparts in all age categories; the extreme rate was for those aged 70-79.

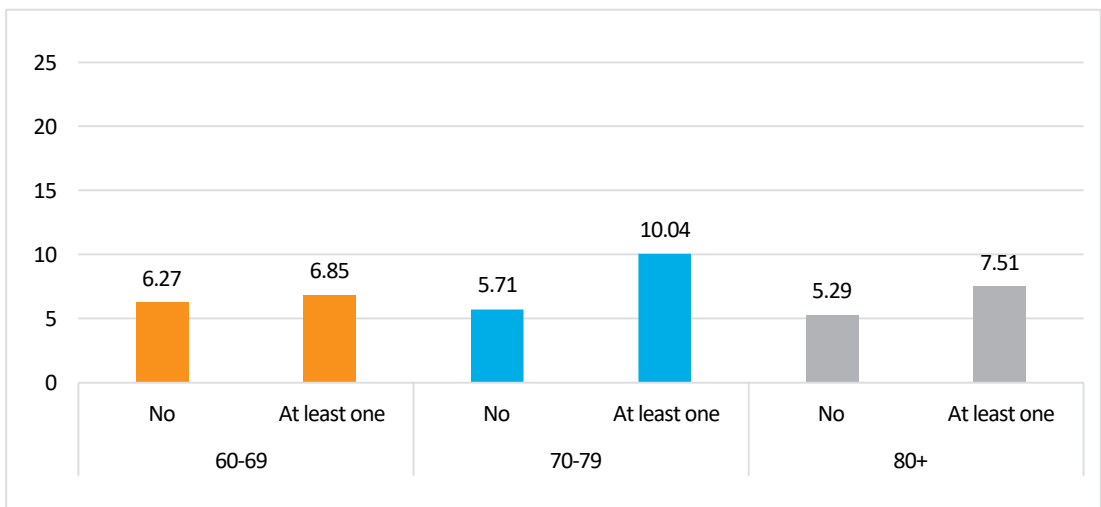
[Figure 7] % living in poor households, by age and self-rated health



Source: Own calculations, using from OP&SHI 2019

Figure 8 describes the poverty rate of older persons by age and number of functional limitations. Those suffering from at least one functional limitation experienced a higher poverty rate than their counterparts in all age groups, especially for the 70-79 group.

[Figure 8] % living in poor households, by age and number of functional limitations



Source: Own calculations, using data from OP&SHI 2019

Policy Discussion and Conclusion

A rapidly ageing society has been posing complicated challenges for public policy makers faced with building an appropriate social welfare system to protect older persons. To establish such a system, the poverty status of older persons and their households needs to be known. The findings detailed above pointed out that the overall poverty rate of older persons in Vietnam was 7.4 per cent in 2019, which was lower than the 9.1 per cent in 2016, as indicated in Vu and Nguyen (2021).¹¹ Further, different individual and household characteristics caused variations in the poverty status of older population groups. In particular, older persons living alone, living in rural areas, who were female, who were single, separated or divorced, those with no schooling or incomplete primary education, who were non-Kinh (in other words, from an ethnic minority), or those with bad health, were significantly poorer than their counterparts. Especially, those living in households receiving social assistance benefits had a higher poverty rate than their non-recipient counterparts. This proves on the one hand that social assistance benefits were rightly targeted to the poor older persons; and on the other hand that the social assistance policies for older people might not be enough to help beneficiaries become the non-poor. The 70-79 group had the highest poverty rate, whereas previous studies had show that the oldest old (80 and over) experienced the highest poverty rate (see, for instance, Giang and Pfau, 2009; Giang and Phi, 2016). The poverty rate of those aged 80 and above dropped from 9 per cent in 2016 (as in Vu and Nguyen, 2021) to 7.27 per cent in 2019, while for those aged 70-79, it dropped from 10 per cent (in Vu and Nguyen, 2021) to 9.27 per cent in 2019.¹² This might indicate that public social assistance for older persons aged 80 and over is quite effective.

Furthermore, deeper analysis by age and other characteristics showed the groups which were most susceptible to poverty: among people aged 70-79, those living alone, in rural areas, being non-Kinh, receiving social assistance benefits, in poor health, having functional limitations; and among those aged 60-69, living alone, and in receipt of social assistance benefits.

Based on these findings, we recommend the following:

Firstly, the difference in poverty rates between older persons living in urban areas and those in rural areas is quite large. This means that 'protecting' older persons in rural areas to raise them out of poverty requires a multi-dimensional approach; that is, not only policies that directly support them (such as social assistance programs) but also promoting the development of rural areas to improve living standards and the overall social security program for these areas. Rural areas are more vulnerable than ever in terms of issues related to migration, industrialization leading to reduction of agricultural land, and lack of jobs for young people. Only economic development in rural areas can



Photo by Yulia Rozanova on Pexels

free rural people in general and rural older persons in particular from poverty. At the same time, poverty reduction measures to assist older persons living in urban areas cannot be neglected because urban poverty is sometimes more severe than rural poverty (World Bank & Vietnam Ministry of Planning and Investment, 2015).¹³

Secondly, the large difference in poverty between older persons living in Kinh-headed households and other ethnic minority-headed households suggests that more income security policies are needed for ethnic minority older persons. Difficulties with healthcare system and infrastructure along with the inability to diversify livelihoods make ethnic minority people in general and ethnic minority older people in particular very vulnerable to poverty. Investing in infrastructure for ethnic minority people's living areas will increase their access to basic social services such as healthcare, clean water, and sanitation and thereby improve their living standards.

Thirdly, the health status of older persons – measured either by self-rated health or functional limitations – showed clearly that it was associated substantially with elderly poverty. Therefore, healthcare services should be considered as a long-term investment for the whole population in general and the older population in particular, meaning that health should be attended to from early years so as to have a more healthy population.

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Reference: ASEM InfoBoard, <https://www.aseminfoboard.org/about/overview>

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 **Viet Nam**
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ASEM Global Ageing Center (AGAC)

ASEM Global Ageing Center (AGAC) is a specialized international institution based in Seoul, which operates as an international hub for coordinating a wide variety of agendas surrounding the human rights of older persons for ASEM partners.

The center aims to address various issues confronted by ASEM partners regarding the human rights of older persons, and ultimately to contribute to the promotion and protection of human rights of older persons through policy research, cooperation, raising awareness and education, and sharing information.

AGAC ISSUE FOCUS

AGAC ISSUE FOCUS is a periodic report, published biannually. Issue Focus aims to address timely ageing and human rights issues as well as introduce the relevant policies and responses from ASEM partners in order to promote information sharing and awareness raising, and ultimately enhance cooperation among the ASEM partners on the issues of ageing and human rights of older persons. Each report covers a particular theme which reflects major and timely issues of ageing and human rights of older persons in Asia and Europe.

For more information, visit AGAC website (www.asemgac.org).

The logo for the ASEM Global Ageing Center (AGAC) features the letters 'AGAC' in a bold, white, sans-serif font. The letters are closely spaced, with the 'A' and 'G' overlapping slightly. The 'A' has a unique shape with a small gap at the top, and the 'G' has a small gap at the bottom. The 'C' is a simple, rounded shape.

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