



ASEAN+3 Finance Think-tank Network (AFTN) Seminar

Shanghai, PRC | 6–7 June 2024

Aging Well in Asia

Asian Development Policy Report 2024

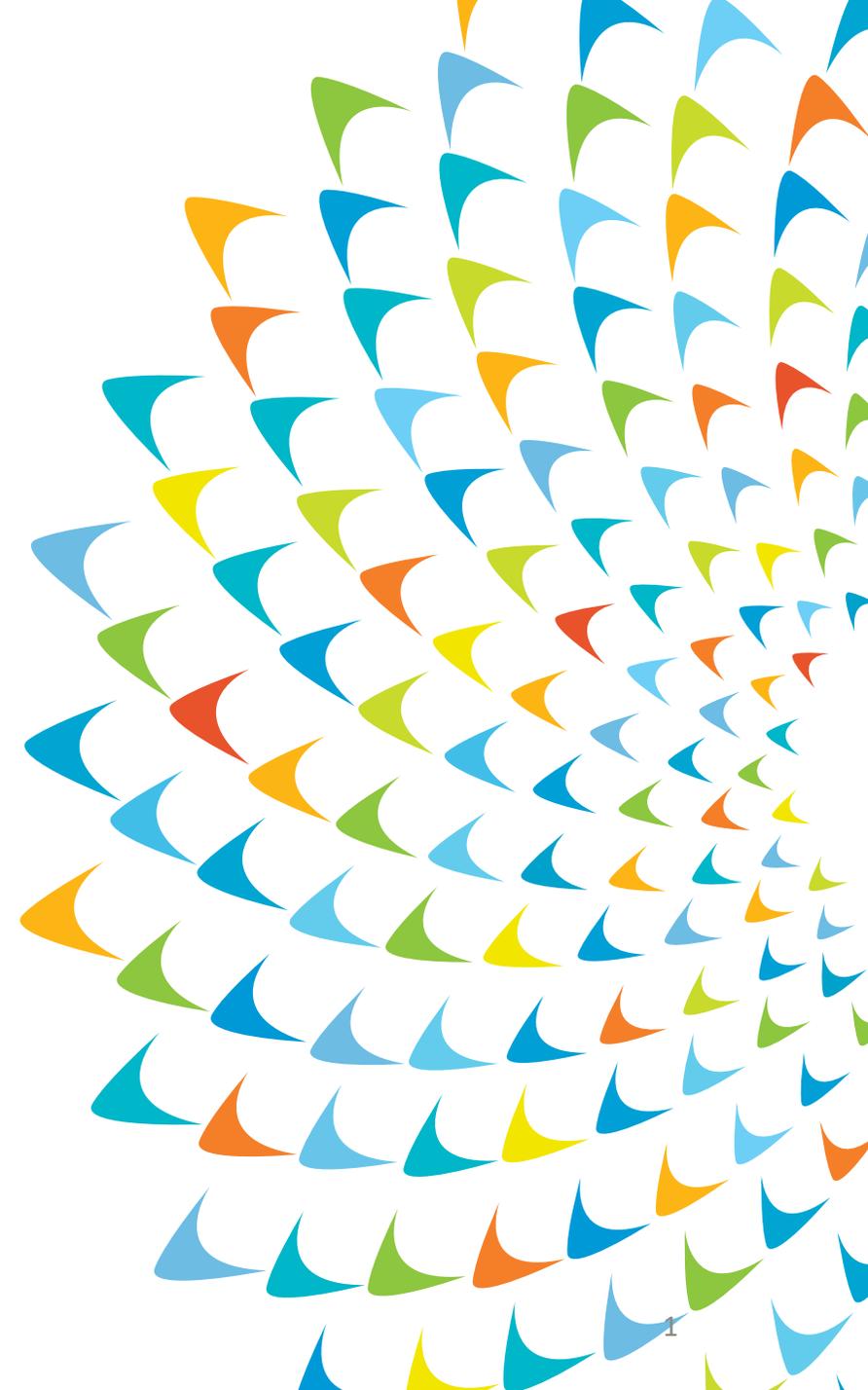
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ADB recognizes "China" as the People's Republic of China.

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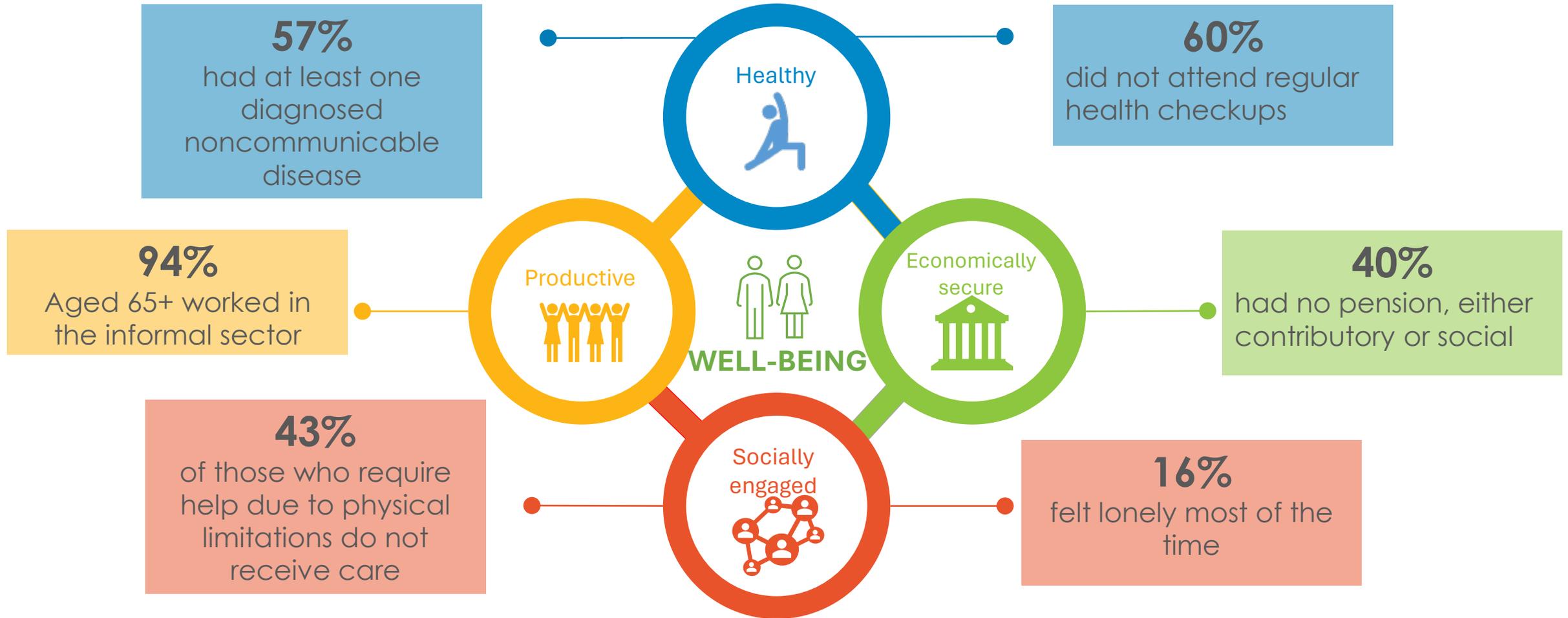
Aging Well in Asia

- **Developing Asia is aging rapidly, reflecting development success, but the region remains unprepared.** Older Asians are vulnerable to persistent burden of lifestyle disease, lack of decent jobs, constrained access to essential services such as health and long-term care, low pension coverage, and growing incidence of loneliness and social isolation.
- **A key policy agenda across the region is to ensure the well-being of older Asians.** Various factors shape the well-being of people in general, but for older people four inter-connected dimensions are especially important: health, productive work, economic security, and family and social engagement.
- **Wide inequality separates older people across all four dimensions of well-being.** A significant gap exists between men and women, workers in formal versus informal jobs, and urban versus rural residents.
- **Healthy aging is central to well-being in old age.** Good health drives the productivity and economic security of older people while promoting their active social engagement and reducing their long-term care needs. Health in old age depends on the choices individuals make over a lifetime, not just in old age.
- **Aging Asia must urgently step up its efforts to help Asians age well through a lifelong, life-cycle approach for the whole population.** Comprehensive aging policies will foster healthy and productive cohorts of older people to maximize their contributions to economy and society.



The well-being of older Asians is at risk

Regional Indicators of Well-Being in Older Persons Aged 60+



Source: ADB based on harmonized dataset of 9 country aging survey datasets.



Policy Priorities for Aging Well

- **Universal health coverage achievement**
- Government-led health insurance reform
- Primary health-care system strengthened

- **Digital solutions and behavioral insights** to promote healthy lifestyles and diet

- **Basic labor protection** coverage for informal workers
- **Extended and flexible retirement age**
- Support for firms to **make jobs more age-friendly**
- Lifelong learning

- **Wider social pension coverage of the poorer old**
- **Voluntary contributory pension programs** for women and other informal workers
- Innovative pension designs and use of technology
- **Financial literacy training**
- Retirement-focused financial products

Early investment is the key to harnessing region's silver dividend.

- Fiscal space for a transition to **market-based long-term care systems**
- **Care workforce** significantly increased

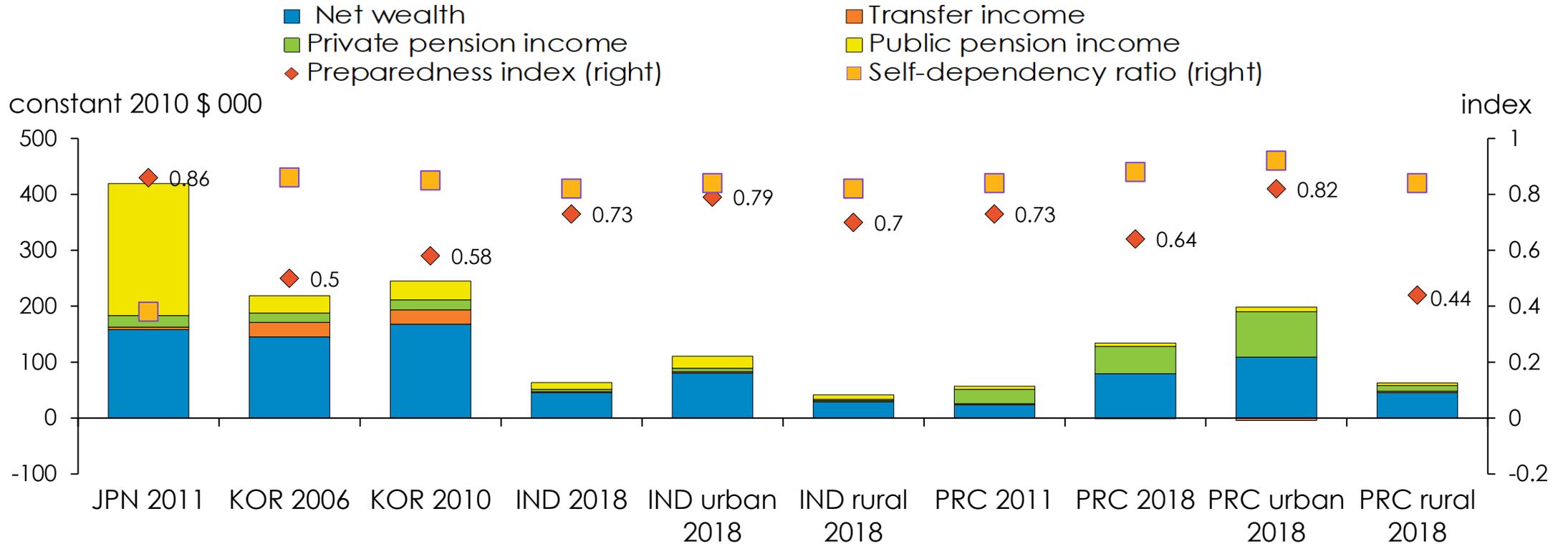
- **Community-based social activities**
- Age-friendly cities
- **Digital skills training** for older adults

Source: Asian Development Bank.



Ample scope exists for Asians to prepare better financially for retirement

4.7 Household Resources Available for Retirement by Source



IND = India, JPN = Japan, KOR = Republic of Korea, PRC = People's Republic of China.

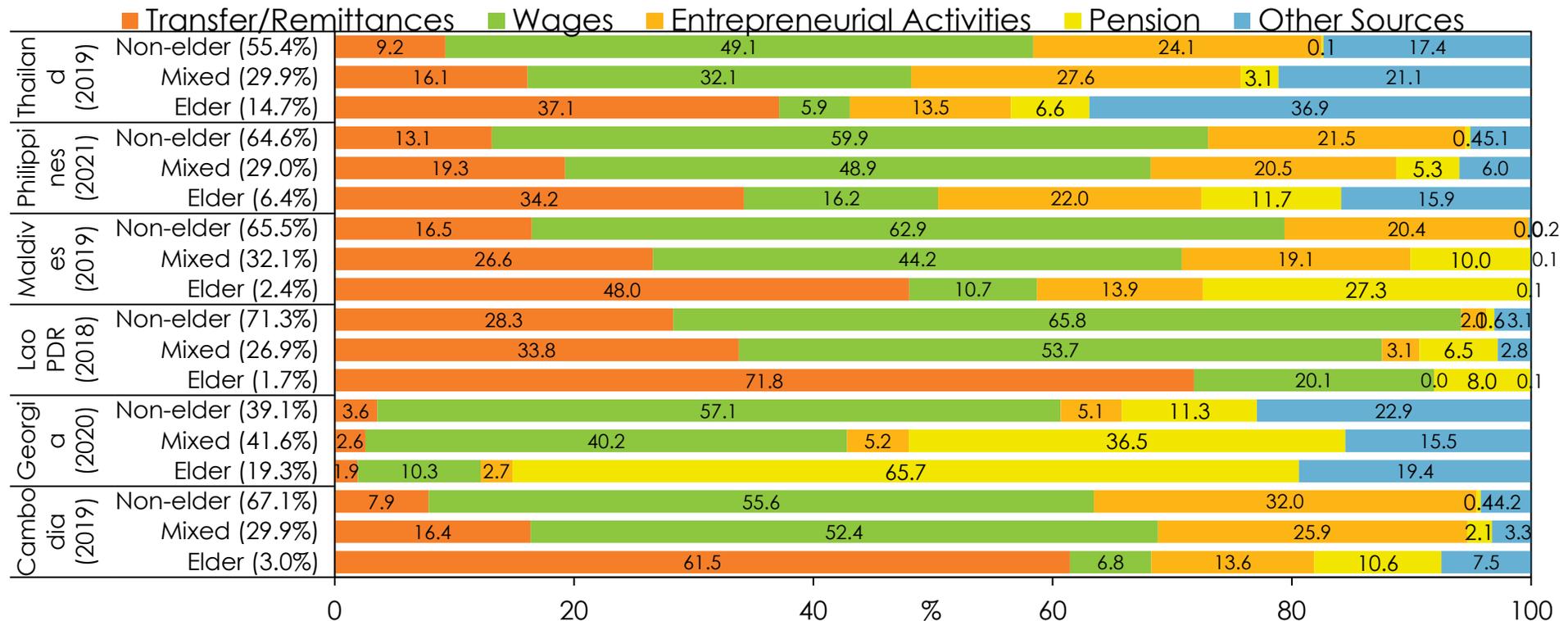
Note: Retirement resources are shown in net present value using 2010 as the base year and exchange rates adjusted for purchasing power parity.

Source: Ehrlich and Liu (2024).



Family transfers remain the most important income for many older Asians.

4.1 Distribution of Income Sources by Type of Household in Selected Countries



Lao PDR = Lao People's Democratic Republic.

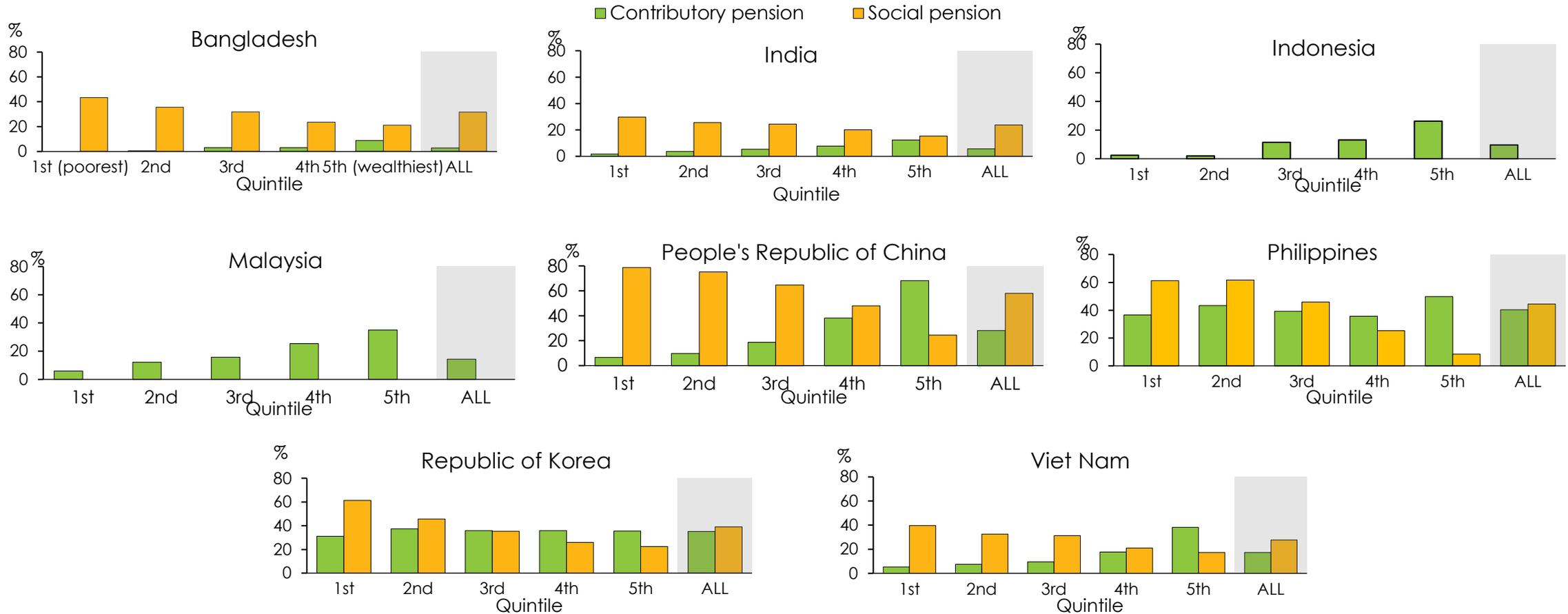
Notes: Years are the latest available. Percentages in parentheses are shares of the household type in all households in the country.

Sources: Cambodia Socio Economic Survey (2019); Georgia Household Incomes and Expenditures Survey 2020; Lao Expenditure Consumption Survey 2018; Maldives Household Income and Expenditure Survey 2019; Philippine Family Income and Expenditure Survey (2021); and Thailand Household Socio-Economic Survey 2019.



Coverage of pension programs is generally low...

4.4 Share of Older People Receiving Contributory and Social Pensions by Wealth Quintile, (%)



Notes:

i. Data report on people aged 60+. Contributory pensions include both private and public occupational pensions and national provident funds. Years are the latest available: 2017–2019, 2021, and 2023.

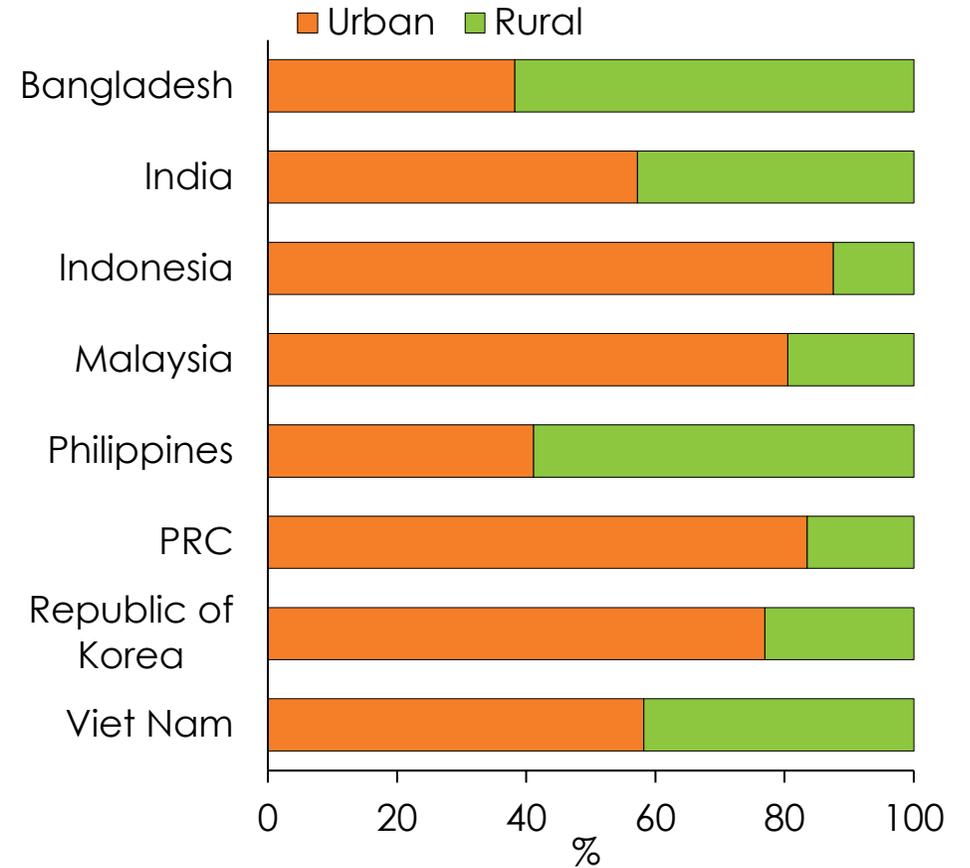
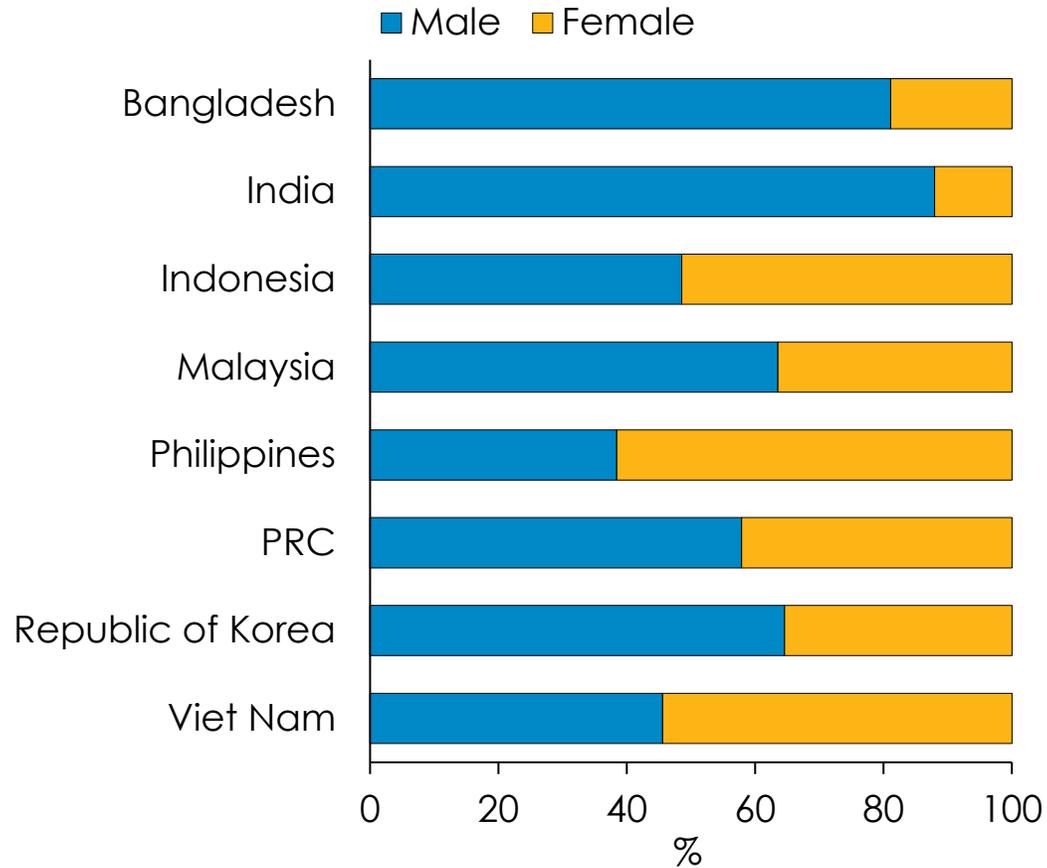
ii. Quintiles are based on expenditure except in the Philippines, where asset data are used. Quintiles are numbered from poorest (1st) to wealthiest (5th).

Source: ADPR 2024. Chapter 1, Box 1.1.



... while access remains skewed

Fig 4.5A Contributory pension, by gender residence, and economy

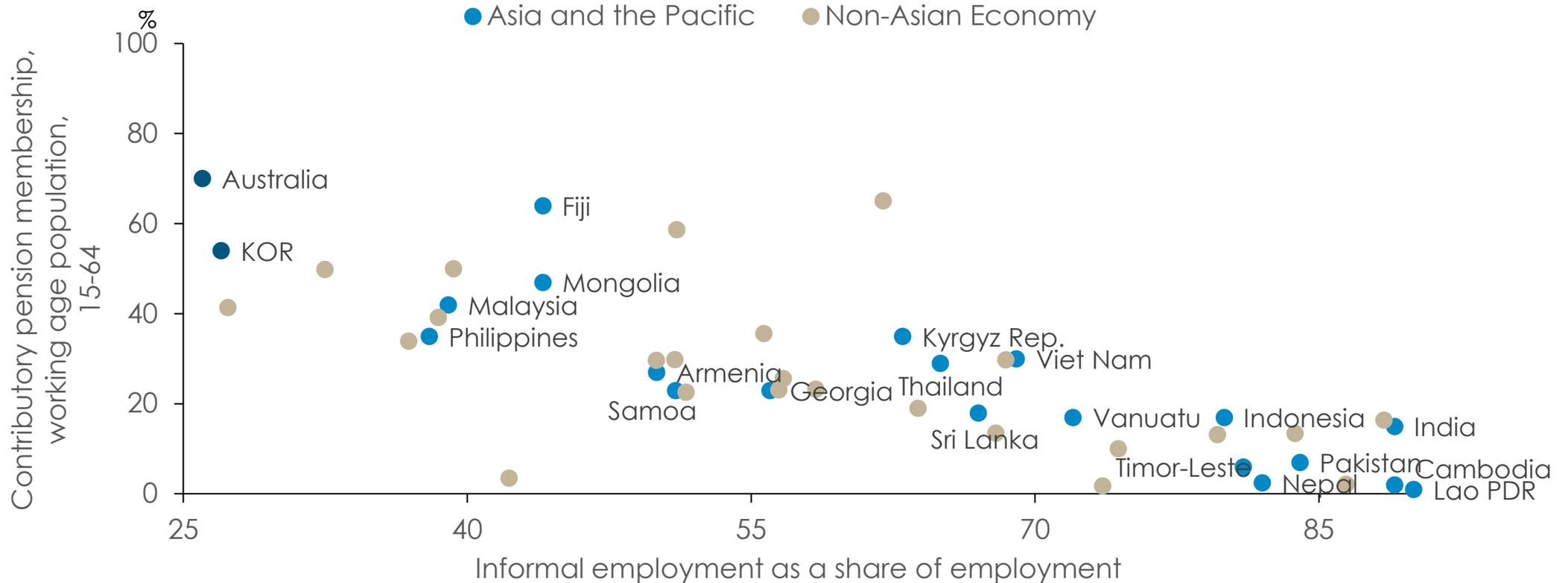


PRC = People's Republic of China.
Source: ADPR 2024. Chapter 1, Box 1.1.



Participation in pension programs also remains low

4.8 Pension Coverage and Adequacy

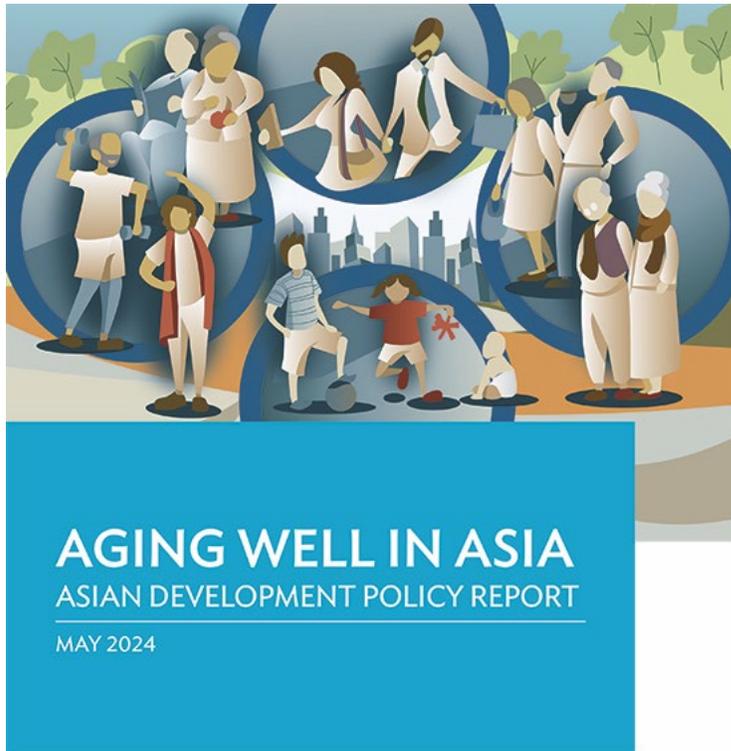


Kyrgyz Rep. = Kyrgyz Republic, KOR = Republic of Korea, Lao PDR = Lao People's Democratic Republic.
Source: Chomik, O'Keefe, Piggott (2024).



Priorities for Pension System Design

- **Expand coverage of social and contributory pensions**, with adequate minimum benefits for the poor
- **Improve incentives to work**, by NOT linking pension eligibility to retirement, extending retirement ages to reflect higher life expectancy, and providing financial incentives to delay claiming of pension benefits
- **Adjust pension rules with a gender lens**, with more redistribution, shorter vesting periods, equitable annuity calculations, equal retirement ages, and generous survivor benefits
- **Increase financial sustainability of pension systems**
 - include **automatic adjustment mechanisms** for contribution or benefit rules based on changes in life expectancy, demographic ratios, wage bills, or GDP
 - Provide **voluntary contribution programs** for informal workers that include government matching contributions and guarantee minimum basic pensions (e.g., PRC)
- **Strengthen financial literacy, inclusion, and preparedness** through awareness campaigns, financial literacy programs, behavioral nudges, increased access to high quality financial products, prudent financial regulation



ASIAN DEVELOPMENT BANK

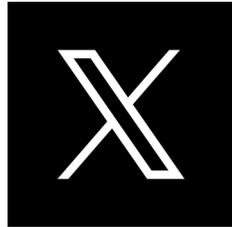


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Thank you.



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Appendix slides