AGEING UNEQUALLY

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What will ageing look like?
Two mega trends: ageing and inequality

Inequality has increased in most OECD countries

Share of elderly has increased with longer life expectancy and lower fertility rates


Source: OECD (2011), Divided We Stand
Ageing and inequality should be looked at together – why?

• Broken careers, family breakdown and precarious work are becoming more common

• Social programme reforms assume people will be healthy enough to remain in work until later ages – Is this true?

• Health programme managers hope for a compression of morbidity – Is this likely?
THAT INEQUALITIES EXIST WITHIN CERTAIN AGE GROUPS IS A KNOWN FACTOR…
Poorer people tend to die younger

Probability of survival for men and women conditional on survival to age 25 in Canada

Source: Stephen W Hwang et al. (2009), Mortality among residents of shelters, rooming houses, and hotels in Canada: 11 year follow-up study
Poorer people access health care less

Change in unmet medical care need for financial reasons, average across EU countries, 2005 to 2012

Change in unmet dental care need for financial reasons, average across EU countries, 2005 to 2012

Source: Eurostat Statistics Database (based on EU-SILC)
Poorer people face higher out-of-pocket spending for long-term care.

Out-of-pocket costs for high-intensity LTC at home (% of income)

Source: provisional results from OECD / EC project on social protection for LTC
LESS KNOWN IS THAT DIFFERENT GENERATIONS EXPERIENCE AGEING DIFFERENTLY...
Poverty rates and inequalities have shifted across generations

Relative poverty rates by age group

Gini coefficients by age group, OECD average (*)

Source: OECD Income Distribution Database

Source: Luxembourg Income Study (LIS)
The generosity of pension systems has been reduced to improve financial sustainability

Projected net replacement rate by generation in France, for blue-collar workers without career interruption

Projected average replacement rate in Mexico, before and after reform, as a function of the date of retirement

Source: Conseil d’Orientation des Retraites, Projections de taux de remplacement pour les générations 1950 à 1990 sur la base de cas types

Source: Javier Alonso et al., A model for the pension system in Mexico: diagnosis and recommendations
People born more recently experience more severe income drop at retirement

Proportion of various birth cohorts who have net replacement rates below 75 percent at age 70 in Canada by average annual lifetime earnings (percent)

Source: Wolfson (2013), Not-So-Modest Options for Expanding the CPP/QPP
Growing gap in male life expectancy at age 65 by earnings levels in the U.S.

Source: Goldman and Orszag, 2014
SO THAT INEQUALITIES BUILT THROUGH THE LIFE-CYCLE WILL COMPOUND IN THE FUTURE …..
Being Old in 2040 Will Be No Fun

Current trends in demographics and national budgets will leave the elderly of the future in dire straits.

By Martin Hutchinson, March 31, 2015

There are times when it’s good to be young – the 1960s, with its prosperity and hedonism, was one such period. Being old has fewer joys, but you can argue that the 1990s were a halcyon period for the old. Pension funds were swollen by stock appreciation and the senior citizen generation was relatively small.

However, with the current trends in demographics and national budgets, the younger generation of Baby Boomers and the older Gen-X’ers (only few of the older Baby Boomers will still be around) can rest assured of one thing: Being old in 2040 will be very unpleasant indeed. And this isn’t just a problem in the United States. It is more or less true for the world as a whole.
WE MUST TACKLE INCREASING INEQUALITY AS POPULATIONS AGE
Tackling these two trends together means:

• Understanding what growing inequalities mean in an ageing context; and

• Addressing how to prevent ageing unequally
We have policy options…

• Important to consider health and social policy options together
  • Health inequalities can be tackled with pure health – disease prevention – approaches
  • Health inequalities can also be tackled by addressing poverty
• Social policies can be reformed to account for lower health status and life expectancy of the poor to that total allocations are more progressive
• Social programmes can be reformed by assuring income support over the life course – which can benefit equality in health at older ages
BUT MORE WILL HAVE TO BE EXPLORED!
Thank you

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