



Population Ageing and Social Protection in Malaysia

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International Conference on Population Ageing: Issues and Challenges

Presentation Outline

- Introduction
- An overview of social protection for the elderly
- Issues of social protection for the elderly
- Case study of selected NGOs for the elderly
- Policy recommendation

CONCEPT & DEFINITION

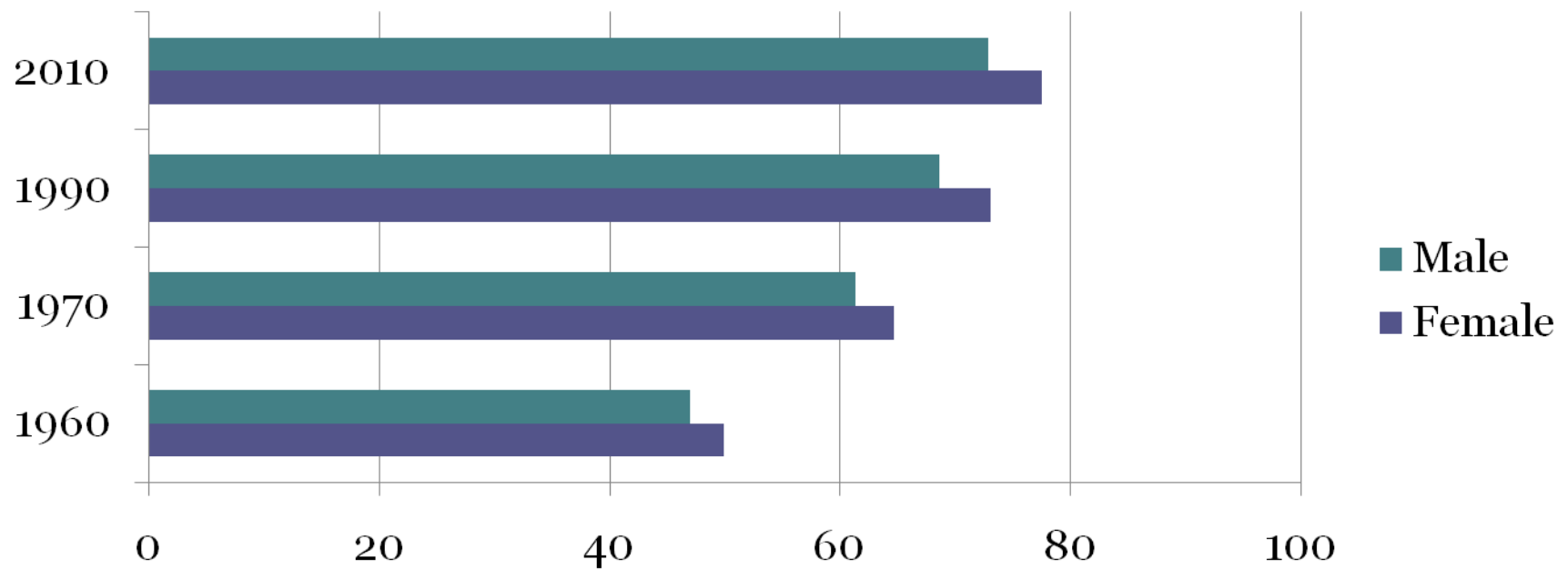
TERMINOLOGY	DEFINITION
Social Protection	<p>Public interventions to assist individuals, households and communities to manage risk better and provide support to the critically poor.</p> <p style="text-align: right;">World Bank</p>
Social Insurance	<p>Compulsory contributory insurance schemes often limited to employees and providing various benefits in cases of illness, old age, unemployment, etc.</p> <p style="text-align: right;">International Social Security Association</p>
Public Assistance	<p>Benefits in cash or in kinds that are financed by the state (national or local) and that are mostly provided on the basis of a means or income tax</p> <p style="text-align: right;">Ginneken, 1999</p>
Social Safety Nets	<p>A government provided anti-poverty benefits –</p> <p style="text-align: right;">International Labor Organization</p>

ISSUES OF POPULATION AGEING

- Malaysia's population is ageing due to increase in life expectancy, changing demographic and family structure.
- Malaysia is forecasted to have an ageing population by 2030 when 15% of population are elderly.
- Inadequacy of savings among the elderly.
- Malaysian household headed by the elderly experienced high incidence of poverty at 22.7% (UNESCAP Report).

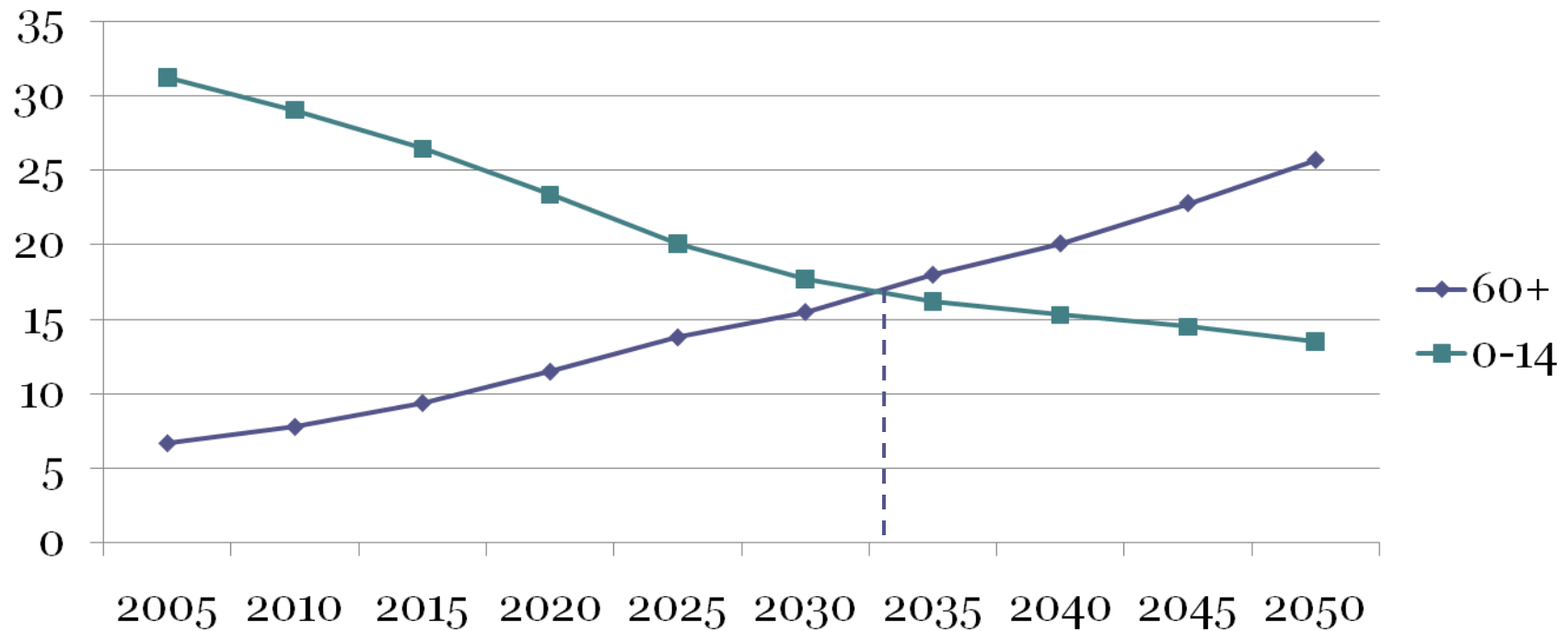
Life expectancy in Malaysia

- Longer life expectancy, but retirement age is from 55 – 60 years.
- Inadequate savings due to shorter period of saving and longer period of spending



Demographic trend in Malaysia

- Malaysia is forecasted to have an ageing population by 2030 when 15% of its population are the elderly.
- Birth rates are declining



SOCIAL PROTECTION PROGRAMS FOR THE ELDERLY IN MALAYSIA

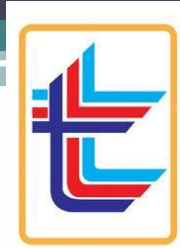
SOCIAL PROTECTION	PROGRAMS
Social insurance	<ul style="list-style-type: none">• Employees Provident Fund• Armed Forces Fund Board• Government Pension Scheme
Public assistance	<ul style="list-style-type: none">• Programs under National Welfare Department• Programs under state government
Other Assistance / Smart partnership	<ul style="list-style-type: none">• Private sector – Corporate Social Responsibility• NGOs – active participation in assisting the vulnerable group



Social Insurance

Employees Provident Fund (EPF)

EPF	Description
Coverage	All private sector employees All public sector employees under EPF scheme
Mode of contribution	Monthly contributions from employees and employers
Benefits	<p><u>Fully withdrawal (Account I):</u></p> <ul style="list-style-type: none"> • Retirement age 55 • Become incapacitated • Leave the country • Deceased <p><u>Early preparation for comfortable retirement (Account II):</u></p> <ul style="list-style-type: none"> • Attaining the age of 50 years; • Owning a house - the down payment for the first house; • Settling the balance of housing loan - first house; • Financing education for contributors and that of their children's; • Medical expenses for contributors and that of their children's



Social Insurance

Armed Forces Fund Board (AFFB)

AFFB	Description
Coverage	<ul style="list-style-type: none"> • <u>Compulsory</u> Serving members of the other ranks in the Armed Forces will automatically be a contributor when they enrol in the Armed Forces. • <u>Voluntary</u> Officers in the Armed Forces including commissioned officers and mobilised members. There will be no contributions from the government and those who are interested can apply to participate in the saving scheme
Mode of contribution	<ul style="list-style-type: none"> • All other rank of Malaysian armed forces need to contribute 10% of monthly income, while employers 15% • Officers are voluntarily – minimum RM25 and max RM750
Benefits	<ul style="list-style-type: none"> • Lump sum withdrawal inclusive of dividends and bonuses • Death and disablement benefits scheme • Partial withdrawal to purchase A house • Retraining program for the retiring and retired members

Social Insurance - National Pension Scheme (NPS)



NPS	Description
Coverage	Civil servants
Mode of contribution	Contribution by Government
Benefits	<ul style="list-style-type: none"> • Service pension (monthly payment) • Service gratuity (lump-sum payment) • Cash Award in lieu of leave – when applicable (lump-sum payment) • Medical benefits • Disability pension • Dependent's pension • Derivative pension (pension benefits to a deceased pensioner's dependants who passed away either while still in the Government service or after retirement)



Public Assistance

- Department of Social Welfare

Type of scheme	Old Age Assistance	Old Folks Home (Rumah Seri Kenangan)
Coverage	<ul style="list-style-type: none"> 60 years and above, and poor 	<ul style="list-style-type: none"> All elderly-60 years and above and poor
Qualifying condition	<ul style="list-style-type: none"> 60 years and above Vulnerability 	<ul style="list-style-type: none"> 60 years and above Vulnerability - poor, no family, and family unable to care for them
Type of benefits	<ul style="list-style-type: none"> In cash benefits - RM 300 monthly 	<ul style="list-style-type: none"> Protection at Home Care - shelter, food, health and basic clothing.
Time Period	<ul style="list-style-type: none"> Deceased /Re-evaluation 	<ul style="list-style-type: none"> Deceased or willingly to move out from the RSK

NGOs and CSR - Private Sector

Description	NGOs	PRIVATE SECTOR - CSR
Role	<ul style="list-style-type: none"> To raise awareness on availability of public assistance program, responsible for welfare of target group 	<ul style="list-style-type: none"> Social responsibility to the community
Target Group	<ul style="list-style-type: none"> Vulnerable group - poor, disabled, children, elderly, single mothers, 	<ul style="list-style-type: none"> Vulnerable group - poor, disabled, children, elderly,
Approach	<ul style="list-style-type: none"> Self or family reference Marketing and promotion of the NGOs 	<ul style="list-style-type: none"> Through government agencies - Welfare Department, District Office etc. Through NGOs/communities to identify beneficiaries.
Type of benefits	<ul style="list-style-type: none"> Services. In-kind or in-cash donation 	<ul style="list-style-type: none"> Services, in-kind and in-cash benefits.

ISSUES OF SOCIAL PROTECTION

ISSUES	EXPLANATION
Adequacy	•Inadequacy of benefits, pension, in-cash benefits
Retirement age	•Public and private sector. •extended to 60 years old
Inclusion	•Social insurance programs are limited to the formal sector while the informal, self employed are excluded
Administration	•EPF dividend, contribution rate
Targeting	•Framing of social protection policy •Identifying the right target group to receive the social assistance benefits
Awareness	•Awareness among people about the importance of savings and spending behavior
Delivery	•Error of inclusion and exclusion

CASE STUDY OF SELECTED NGOs FOR ELDERLY

The Study	The Story
Background	<ul style="list-style-type: none"> • 5 NGOs selected from Penang, Selangor, Perak and Melaka
Role	<ul style="list-style-type: none"> • Basically to provide services to the residents • Awareness on available benefits
Main activities	<ul style="list-style-type: none"> • Provide shelters, nursing care, programs, advice and organize activities for elderly
Sources of funding	<ul style="list-style-type: none"> • Philanthropy, donation
Assistance provided	<ul style="list-style-type: none"> • Services and in-kind benefits • Shelters, counseling, nursing
Organization's need	<ul style="list-style-type: none"> • Monetary and government support
Issues and challenges	<ul style="list-style-type: none"> • Inadequacy of benefits • Better social protection coverage for the elderly • Participation from all sectors
Recommendations	<ul style="list-style-type: none"> • Better understanding • Better participation

POLICY RECOMMENDATIONS

- Affecting behavior on the importance of savings for old age
- Advocacy on compulsory saving
- Formulation of an overarching policy on social protection
- Common user database of the beneficiaries – improve the e-Kasih
- Publicity through popular media on the benefits of saving for old age/provided by various agencies.

- Thank you..

