Support ratio

Asia is predicted to have a higher rate of increase in the old-age support ratio than the OECD as a whole, though Korea is a notable exception. The percentage of the population aged 65 and over in Malaysia is projected in 2100 to be about five times the level in 2015. All of the remaining non-OECD economies have a projected increase of at least 200% over the 85-year period, compared to the OECD countries which predominantly have an estimated increase of less than 100%.

Age projections are obviously a key component of any pension modelling. They enable estimation of pension costs and recipient numbers as well as providing governments with baseline assumptions upon which future pension policy can be structured.

For the support ratio information is provided for 2015 and 2055 to clearly show the trend that is apparent across the region. The summary is that the number of pensioners relative to workers is going to change dramatically over the next 40 years. As can be clearly seen all the OECD countries are already at the bottom of the graph, with the exception of Korea which is just above Hong Kong, China. However Korea is a clear example of one of the world’s most rapidly ageing societies with a drop in the support ratio from 5.6 in 2015 to 1.5 in 2055, with only Japan being lower in the future. Although this decline is extremely rapid there are other economies in the region with similar patterns emerging. For example, Viet Nam will decrease from 10.4 in 2015 to 2.5 in 2055 and given that the retirement age in Viet Nam is below 60 for women the proportion of pensioners to workers will be even lower. Generally the support ratio values in the non-OECD economies in 2055 will be about 30% of their value in 2015.

Data for the population projections is available for 2010 to 2100 at five-yearly intervals for those aged 65 and over. This therefore covers the eligible pensionable population in all but a few economies that have normal retirement beyond age 65, though obviously under-estimates the pension population for those economies with earlier retirement ages.

The next two graphs show the age projection statistics, and to enable easier interpretation have been divided into OECD and Asia.

The second graph is for the OECD countries included in this report. Germany, Italy, Japan and Korea generally have the highest percentage across all the projected years, though after 2055-2065 the proportion for these economies is in decline, from estimated highs of approximately 37%-38%, for Japan and Korea and 32-34% for Germany and Italy, of the population being age 65 and over. This is only to be expected because of the lower fertility rates that have been prevalent in these economies within the last few decades. All economies generally converge at approximately 30% of their population being aged at least 65 years in 2100, with the United States slightly lower at just below 28%.

The third graph covers the non-OECD economies. An increasing elderly population is the highlight of this picture, with the proportion in Malaysia increasing more than five-fold over the 85 year period. A similar pattern occurs across the other non-OECD Asian economies with the proportion of people aged 65 and over estimated to at least treble in virtually every economy between 2015 and 2100. After the projection period it is clear that estimates indicate at least 20% of the population will be aged 65 and over in all the Asian economies. In fact by 2100 over 40% of the population in Singapore are estimated to be aged over 65 making it by far the highest of any of the countries covered. This means that the majority of non-OECD economies will be directly comparable with most OECD countries. As the retirement ages in the non-OECD economies are currently generally lower than those within the OECD then the proportion of pensioners in Asia will be considerably higher than within the OECD if the current systems remain in place.
Figure 2.9. Old-age support ratio, 2015 and 2055

*Note:* The old-age support ratio is defined as the number of the population aged 15 to 64 per member of the population aged 65+.


StatLink 2 [http://dx.doi.org/10.1787/888933873478](http://dx.doi.org/10.1787/888933873478)

Figure 2.10. Old-age population projections


StatLink 2 [http://dx.doi.org/10.1787/888933873497](http://dx.doi.org/10.1787/888933873497)