

3. GENERAL CONTEXT INDICATORS

Old age support rate

The old age support rate is the ratio of the population who are economically active to older people who are more likely to be economically inactive. It thus provides an indicator of the number of active people who, potentially, are economically supporting inactive people. It also gives a broad indication of the age structure of the population. Changes in the old age support rate depend on past and present mortality, fertility rates and, to a much lesser degree, on net migration.

On average there were about four people of working age for every older person across the OECD in 2012 (Figure 3.11, Panel A). Rates in Mexico (nine people) and Turkey (eight people) exceeded this rate by a big margin. At the other end of the spectrum, in Germany, Italy and Japan, there were three or fewer working-age people for every older person.

Support rates are projected to decline in all OECD countries over the next 40 years (Figure 3.11, Panel B). Mexico and Turkey are expected to lose five to six working-age people per older person. In many of the other OECD countries, numbers will decline to fewer than two working-age people per older person. Countries which have the highest old age support rates are currently experiencing the biggest falls, indicating that support rates are gradually converging between countries and will continue to do so over the next 40 years.

The historical and projected pattern of evolution of support rates differs greatly according to country (Figure 3.12). The chart illustrates future convergence of support rates between countries. The main reason for convergence in support rates is the lagged effect of convergence in fertility rates across the OECD. The projections of support rates are highly conditional on projections of likely fertility rates over the next forty years. The extent of the policy challenges caused by these expected support rates will depend in part on the health and labour market attachments of those over age 65, which will influence their ability to support themselves.

The old age support rates in emerging countries are in general higher than in OECD countries (Figure 3.11, Panel A). The variation is, however, huge; from about five people of working age for every older person in Argentina and the Russian Federation to about twenty in Saudi Arabia. The support rates are, however, projected to drop sharply over the next 40 years. **Saudi Arabia is expected to lose as much as about 17 working-age people per older person. Also Brazil, China, India and Indonesia will lose five to seven working-age people per older person.**

Definition and measurement

The old age support rates relate to the number of those who are capable of providing economic support to the number of older people that may be materially dependent on the support of others. The support rate indicator used here is the population aged 20 to 64 as a ratio to those aged 65 and over. It is the inverse of the old age dependency ratio. The projections for old age support rates used here are based on the most recent “medium-variant” population projections. They are drawn from the United Nations, *World Population Prospects – 2012 Revision*.

Further reading

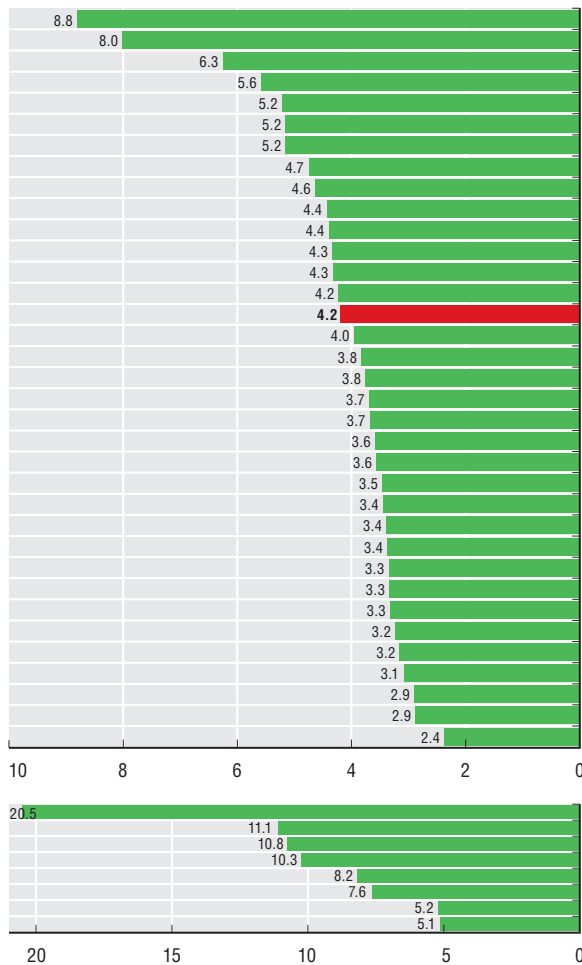
OECD (2013), *Pensions at a Glance 2013: OECD and G20 Indicators*, OECD Publishing, Paris, http://dx.doi.org/10.1787/pension_glance-2013-en.

United Nations (2012), *World Population Prospects – 2012 Revision*, Washington, DC.

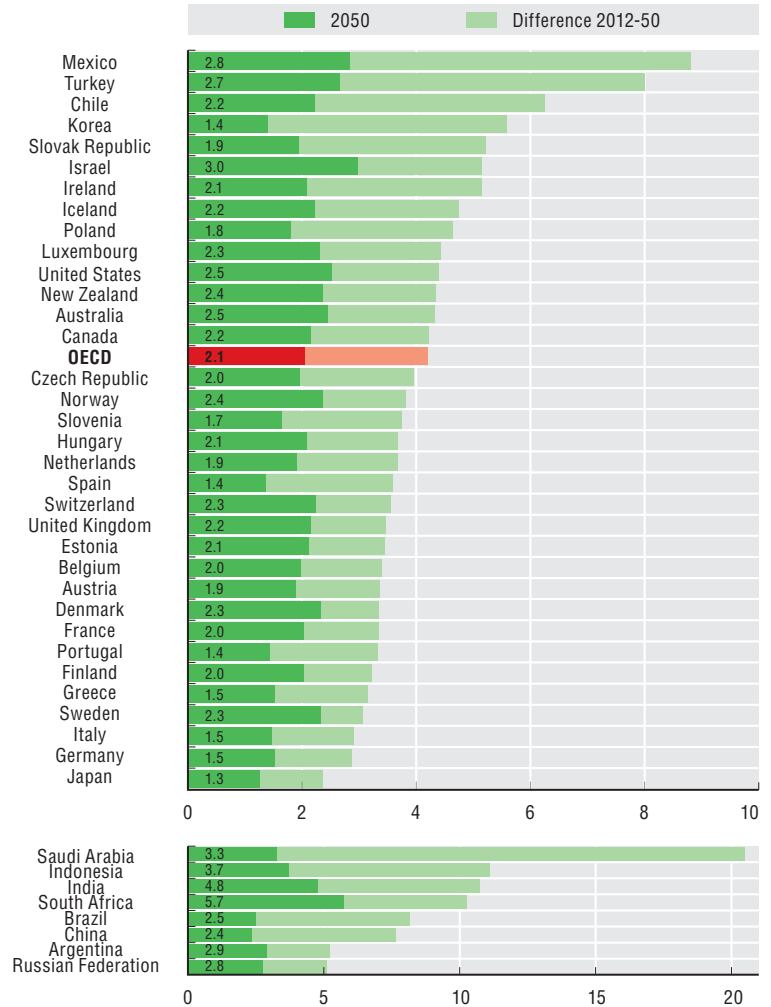
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

3.11. Population are ageing and the old age support ratio will halve in the OECD

Panel A. Old-age support ratio, 2012 (♂)
Number of people of working age (20-64)
per person of pension age (65+)

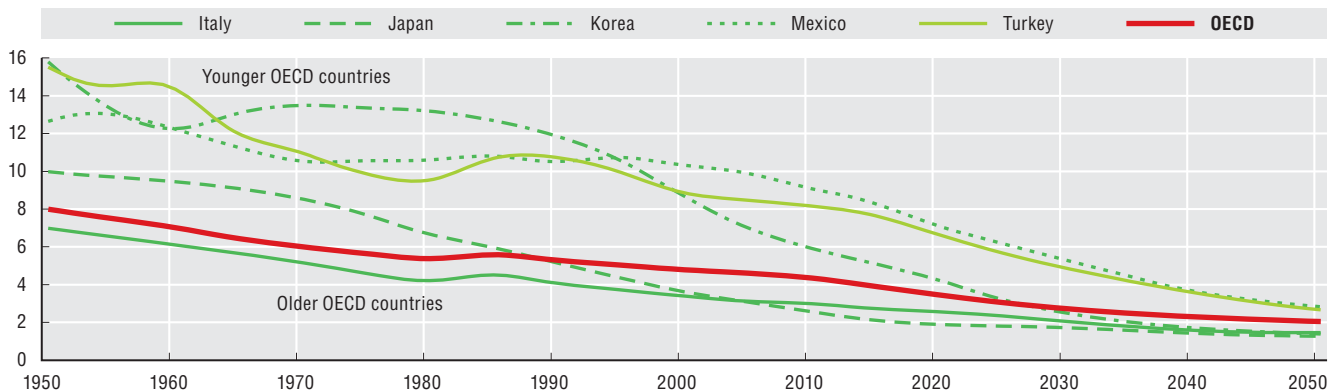


Panel B. Decline in the old-age support ratio 2012-50
Old-age support ratio, 2012 and 2050



3.12. Convergence in the old age support ratio across the OECD

Number of people of working age (20-64) per person of pension age (65+) in selected countries, 1950-2050



Source: OECD (2013) and United Nations (2012).

StatLink <http://dx.doi.org/10.1787/888932966352>



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