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AGEING PHENOMENON : MALAYSIA TOWARDS 2030

The world's population is ageing: virtually every country in the world is experiencing growth in the number and proportion of older persons in their population. With longer life expectancy and fewer children were born, ageing population has now been taking place in most countries today. In 1995, those aged 60 years and above were only at 540 million (9%) from nearly six billion of global population. 20 years later, in 2015, the older population has rose to 900 million, making up 12% of the global population. Worldwide and regional data projection shows that the proportion of older generation will keep on rising to reach 16% of the global population by 2030 (United Nation, 2015).

The pace of population ageing in many developing countries especially in Asia today is substantially faster than what had been experienced by some developed countries in the past. It took France 115 years, Sweden 85 years, Australia 73 years, United States 69 years and both United Kingdom and Spain 45 years for the proportion of the population aged 60 years and above to double up from 7 to 14 per cent. However, China and Thailand only took 34 years and 23 years respectively to experience the same change in the share of older persons (United Nation, 2015).

POPULATION AGEING AS AN EMERGING CONCERN IN MALAYSIA

In the case of Malaysia, population ageing is no longer a new phenomenon. Malaysia's assertively moving towards becoming one of the aged countries by 2030. Statistics shows that those aged 60 years and above stood at 7.9 per cent in 2010 and projected to reach 15.3 percent by 2030 (DOSM, 2016), hence classified Malaysia as one of the fastest



nation to achieve aged country within 20 years. This fast pace of ageing population is as a result of longer life expectancy and rapid decline in total fertility rate. Thanks to the advancement in medical technology and improve socio-economic conditions, mortality rate has decreased significantly allowing people to live longer. Simultaneously, parents are having fewer children than ever before owing to delayed marriage and increased female participation in higher education institutions and workforce which led to challenge in work-life balance. Findings from Fifth Malaysia Population and Family Survey (MPFS-5) (NPFDB, 2016) shows that the average household size has dropped from 4.5 person in 2004 to 4.0 person in 2014.

Population ageing raises many fundamental questions for policy-makers particularly to helping them remain independent, financially stable and socially active as they aged. Despite all the efforts, healthcare and financial aspect for the elderly remains a priority for the government as population ageing is synonym with deteriorating health conditions and risk of failing into poverty.

HEALTHCARE AMONG ELDERLY

As nation industrialize, the changing patterns of working environment and life style are inevitably causes a shift in disease patterns. While improvement continues in healthcare sector, there is a rapid grow in number of non-communicable diseases (NCDs) including diabetes, hypocholesteraemia and hypertension in Malaysia. In 2015, it was estimated that 73 percent of the total death in this country was due to NCDs (Institute for Public Health, 2015).



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As ageing population grow older, health care systems in the future is predicted to face pressures with an increase in degenerative diseases such as dementia. By year 2030, the number of elderly with dementia is estimated to increase to 353,000 cases and further increase to 668,000 cases by 2050 (NPFDB, 2017). This situation will put a burden on healthcare cost as it is projected to increase ten times within 25 years, from RM8.3 billion in 1995 to RM88.4 billion in 2020 (Mohd Fazari, 2017).



FINANCIAL MANAGEMENT

Another major challenge in population ageing is the provision of adequate saving for retirement. Based on Bank Negara Malaysia's observation, there is a continuing concern on the lack of attention to long-term financial planning among majority of Malaysians. According to Employee Provident Fund (EPF), only 22 percent out of 6.7 million active contributors have adequate savings of pension fund coverage that are sufficient to support them for another 20 years after retirement. Research also shows that among 60 years and above, there's a plenty of them are asset rich but cash poor after retirement. While many older people working particularly in informal sector do not save for retirement, those who do have retirement fund tend to use up their savings within a few years after retiring. It also reported that 79.6 percent of elderly is still depending on their child to provide support especially cash assistances (NPFDB, 2016). This situation could become a major threat to the sustainability of government fiscal as expenditure on healthcare for elderly will rise in correspondent with the surge population of older persons as they live longer.

The initiative to extend the retirement age for both public and private sector to 60 years old from 58 years (public) and 55 years (private) in 2014 reflects government measures which will benefit financially to the elderly while promoting healthy and active ageing. However, in ensuring every citizens have



79.6 percent of elderly still depending on child to provide support assistance – Fifth Malaysia Population and Family Survey (MPFS-5) 2014.

enough saving from now on, it's with a sense of urgency that every Malaysians today must be equipped with a sound financial literacy while introducing a simplify yet comprehensive financial products that are accessible for people of all backgrounds.



WAY FORWARD

It is prominent that population ageing present challenges for government and society, yet need not be seen as crisis as a whole. The transition from young to old population does not necessarily a threat to economic growth if Malaysia is well prepared. With today's working adult generally have better education and anticipating a longer life expectancy, they realise the need to accumulate greater savings in order to achieve financial independence in their old age. Nevertheless, increasing public awareness on healthcare and financial literacy should become a priority in getting Malaysia ready to become an ageing nation.

Apart from challenges, the transition will benefit the nation as the accumulated savings and investments will create wealth which becomes the so called "second demographic dividend". This dividend will then acts as an investment which in turn will help boosted Malaysia economic growth. In the end, populations ageing will produce a resilient and sustainable family system while contributing to economic development through higher per capita income and increase family well-being.

Source :

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