



# AGEING UNEQUALLY

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Brussels, April 16



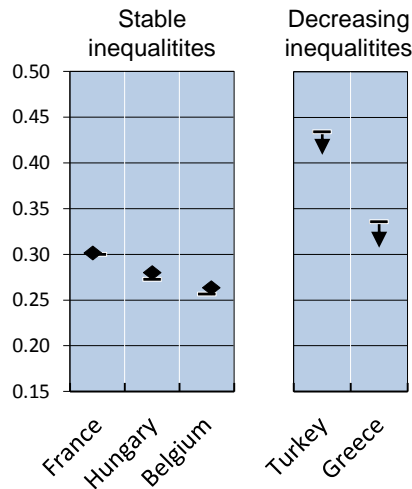
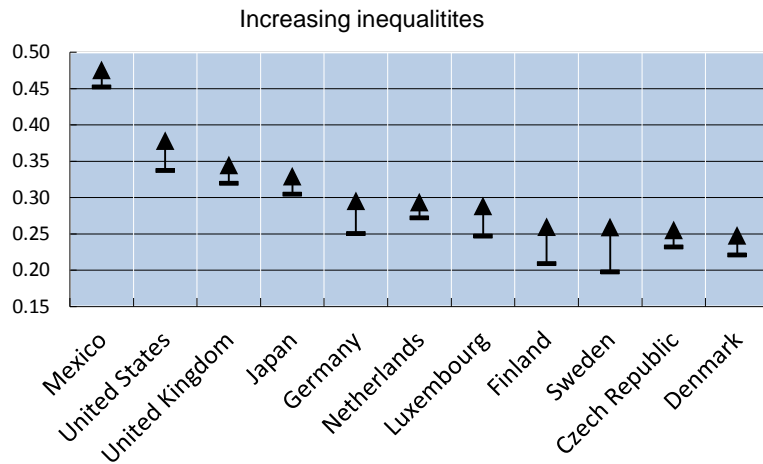
# What will ageing look like?





# Two mega trends: ageing and inequality

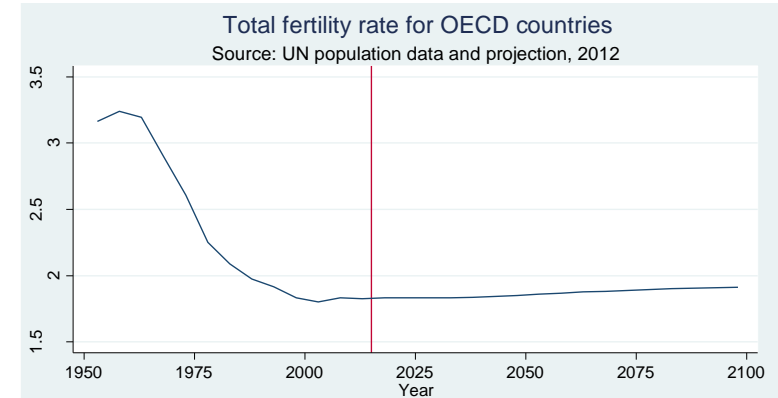
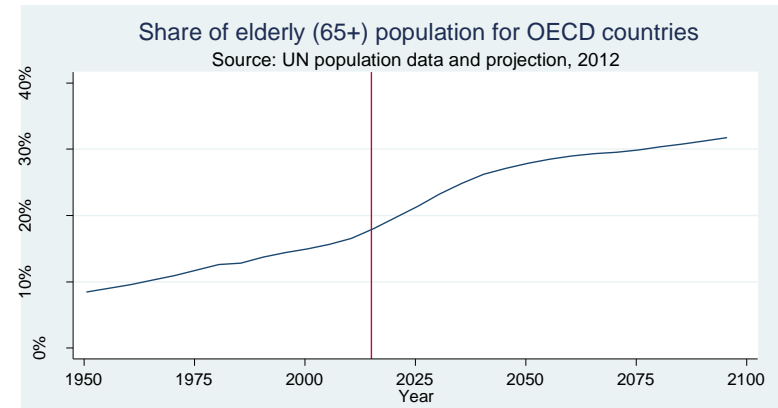
## Inequality has increased in most OECD countries



Evolution of Gini coefficients between 1985 and 2010.

Source: OECD (2011), *Divided We Stand*

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





# Ageing and inequality should be looked at together – why?

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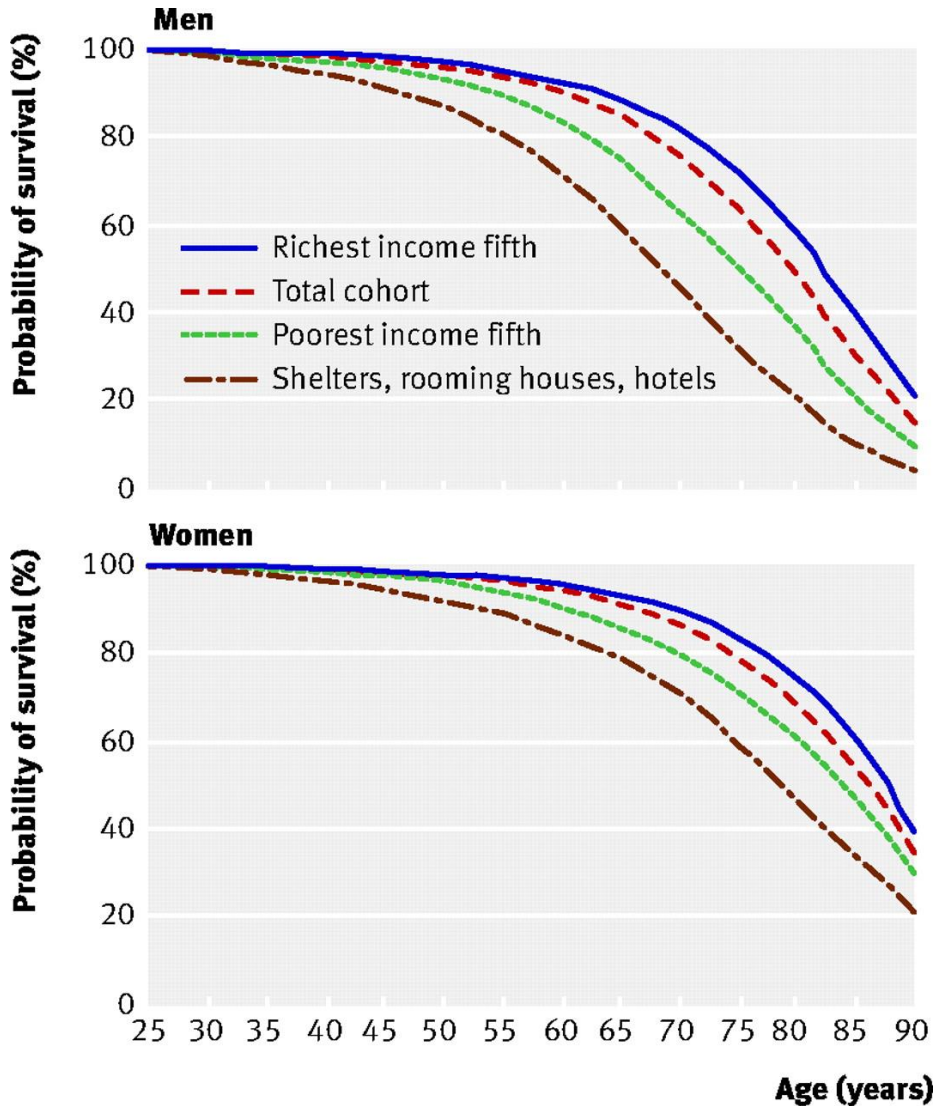
- Broken careers, family breakdown and precarious work are becoming more common
- Social programme reforms assume people will be healthy enough to remain in work until later ages – Is this true?
- Health programme managers hope for a compression of morbidity – Is this likely?



THAT INEQUALITIES EXIST  
WITHIN CERTAIN AGE GROUPS  
IS A KNOWN FACTOR...



# Poorer people tend to die younger



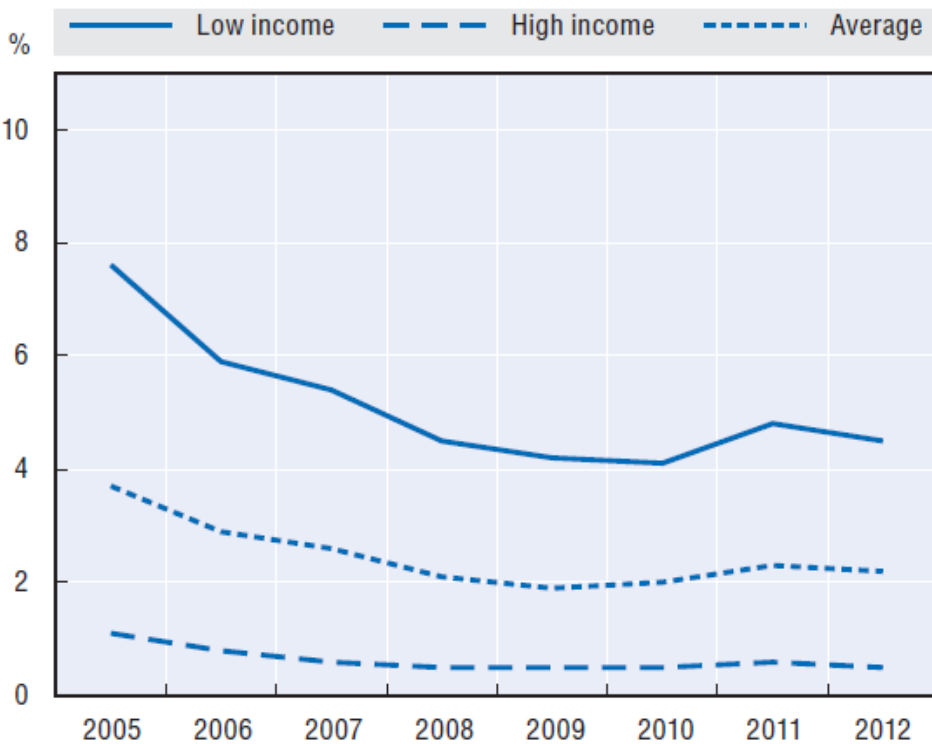
Probability of survival for men and women conditional on survival to age 25 in Canada

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

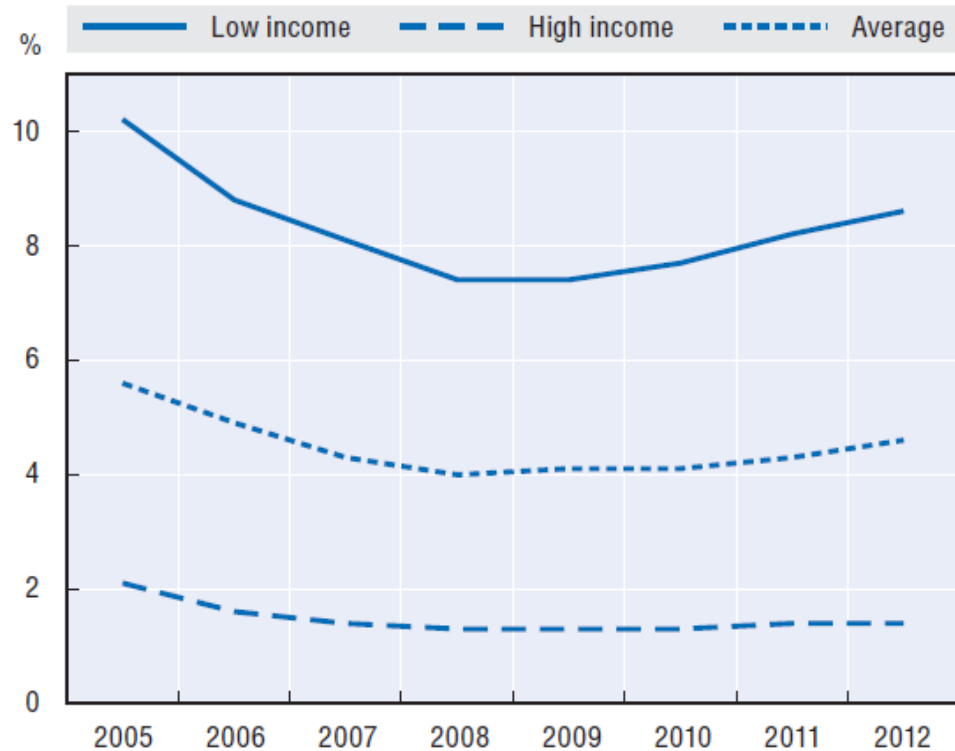


# Poorer people access health care less

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



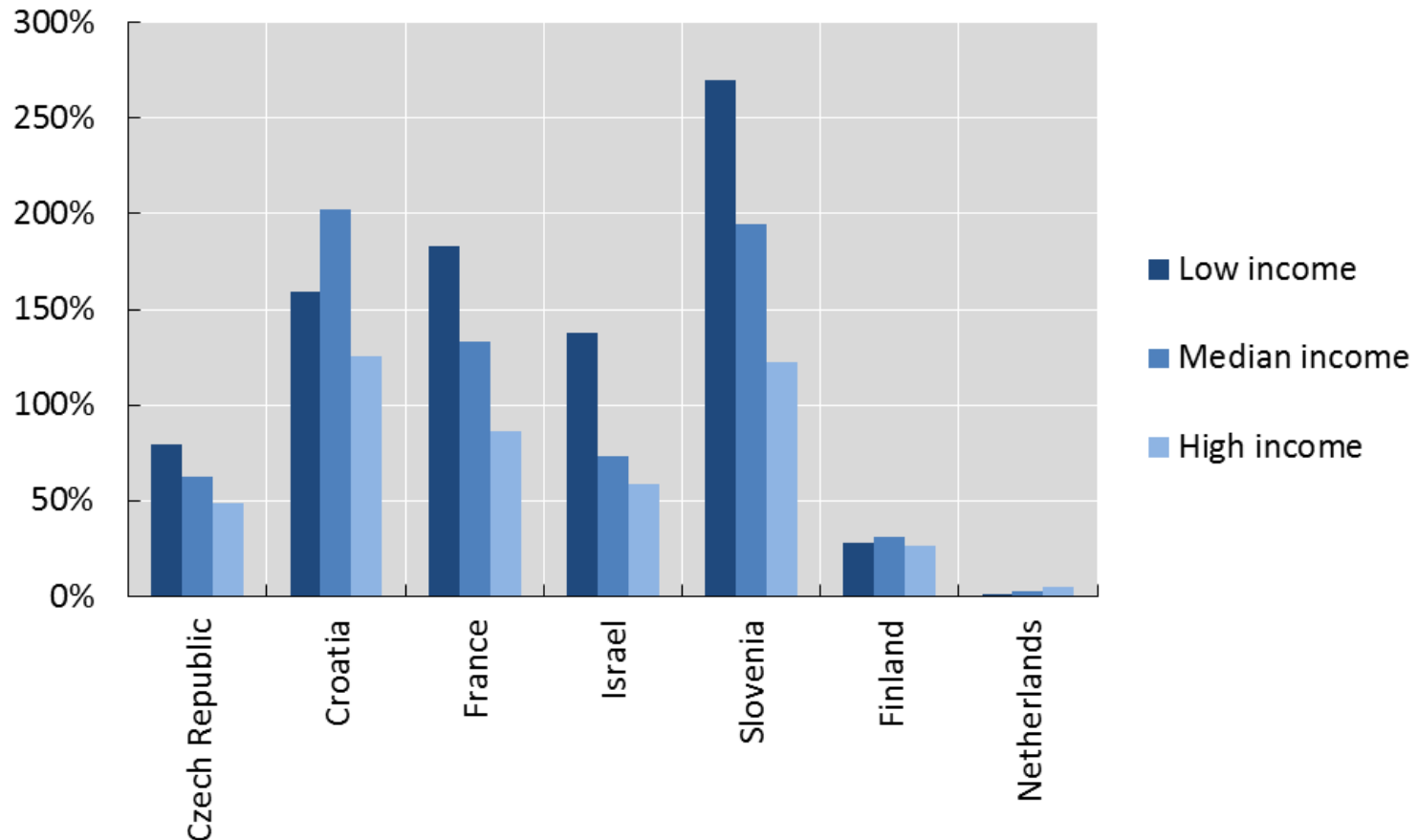
**Change in unmet dental care need for financial reasons, average across EU countries, 2005 to 2012**





# Poorer people face higher out-of-pocket spending for long-term care

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





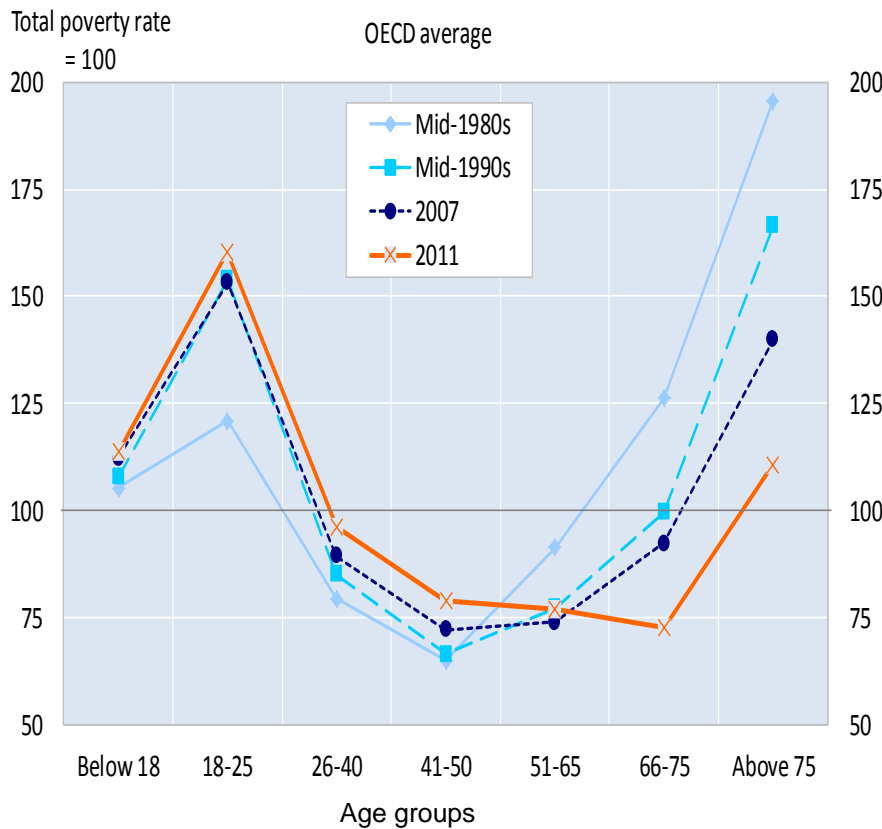


LESS KNOWN IS THAT DIFFERENT  
GENERATIONS EXPERIENCE AGEING  
DIFFERENTLY...

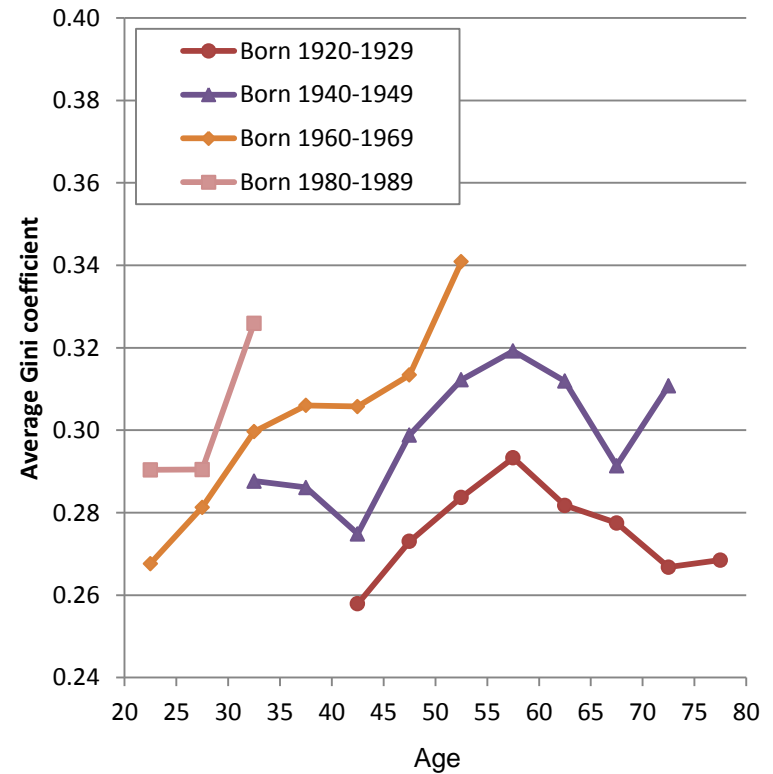


# Poverty rates and inequalities have shifted across generations

## Relative poverty rates by age group



## Gini coefficients by age group, OECD average (\*)



(\*) over 24 countries for which data are available

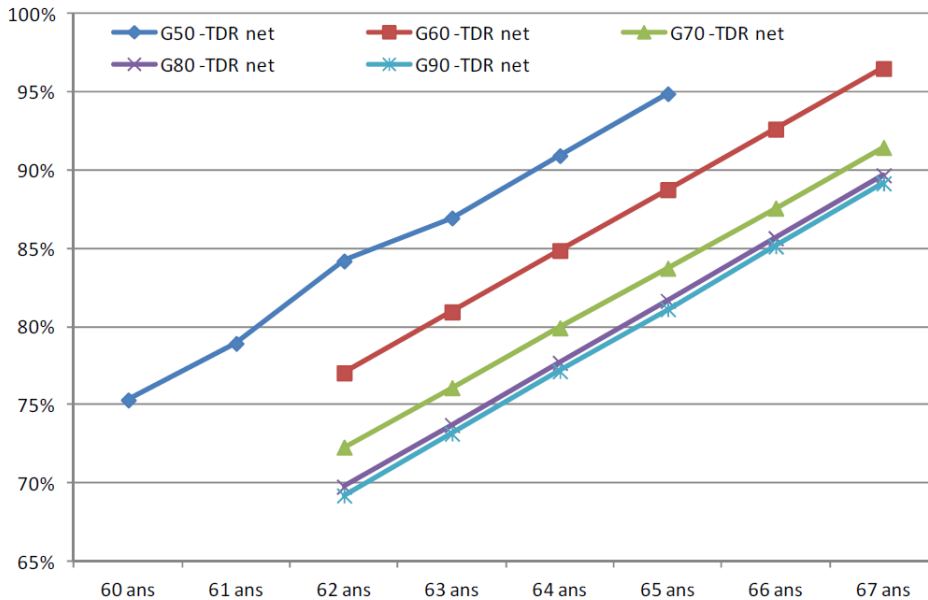
Source: OECD Income Distribution Database

Source: Luxembourg Income Study (LIS)



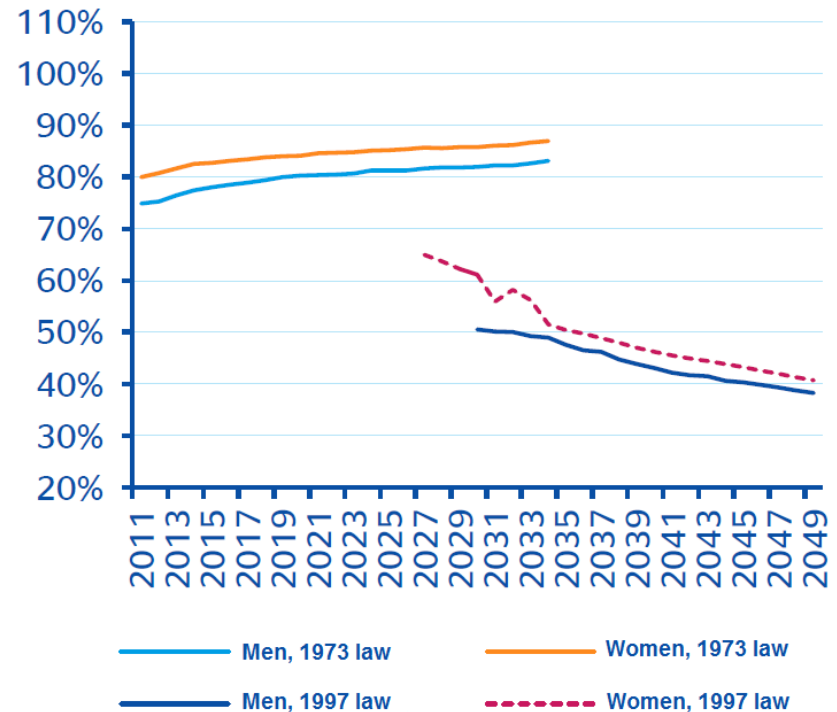
# The generosity of pension systems has been reduced to improve financial sustainability

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



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

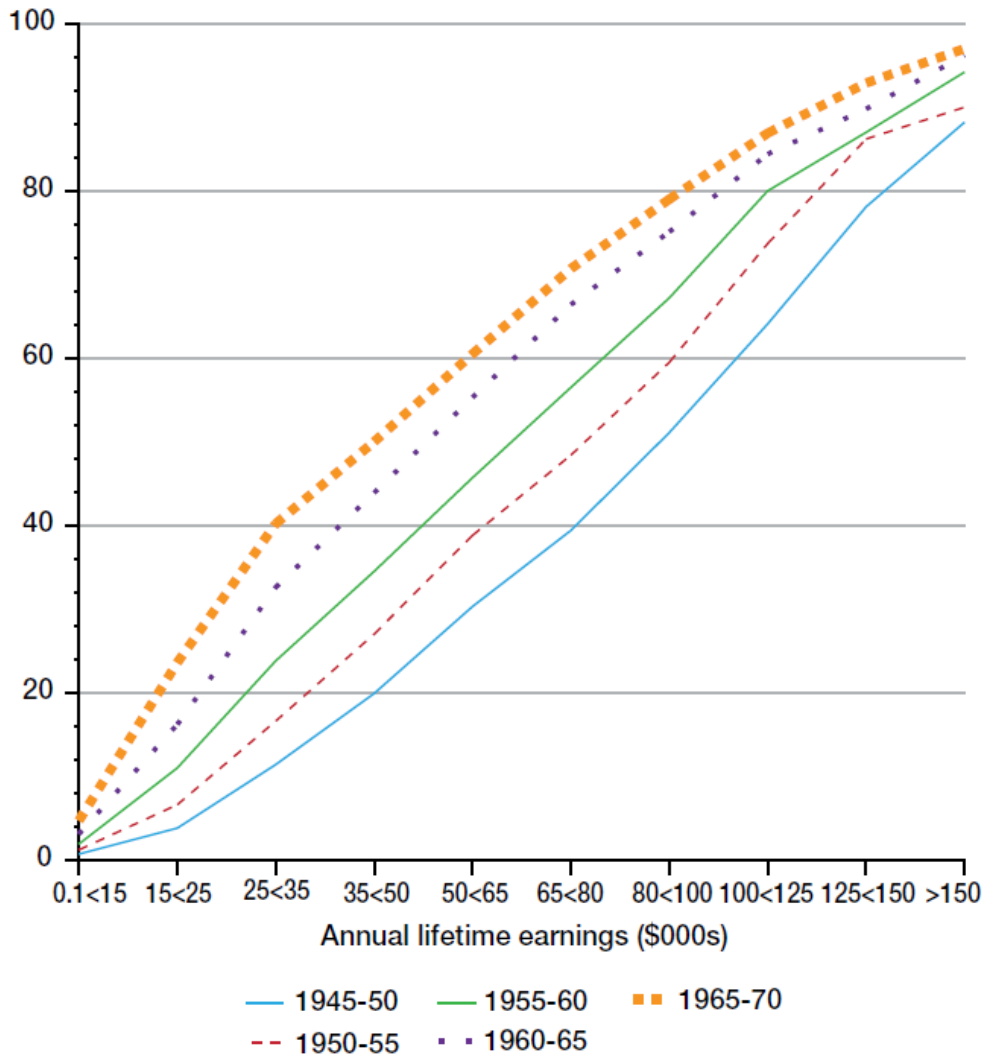
Projected average replacement rate in Mexico, before and after reform, as a function of the date of retirement



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

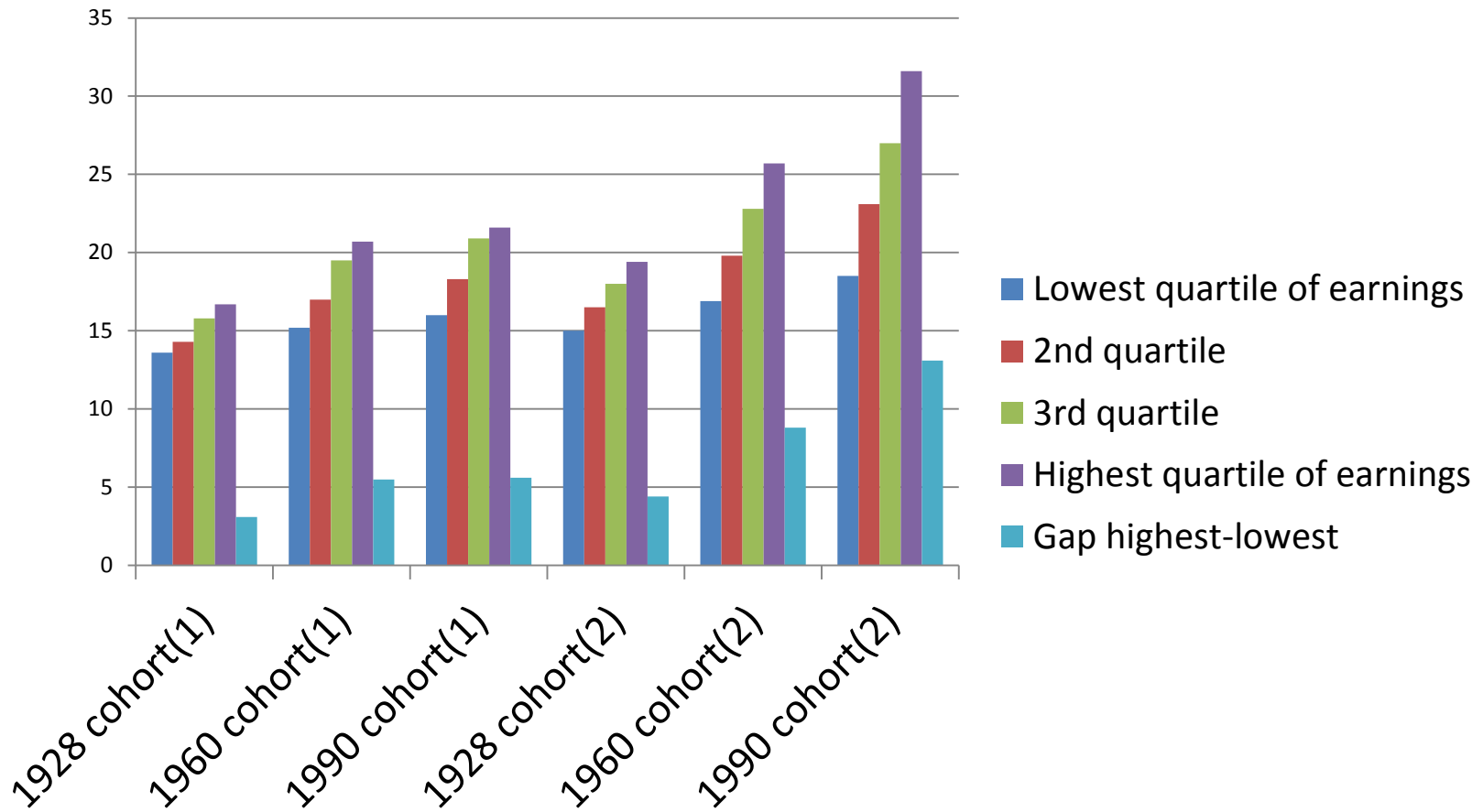


Proportion of various birth cohorts who have net replacement rates below 75 percent at age 70 in Canada by average annual lifetime earnings (percent)

*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 .....

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# 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

Posts by Martin Hutchinson



Credit: John - www.flickr.com

112

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:

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- Understanding what growing inequalities mean in an ageing context; and
- Addressing how to prevent ageing unequally



## We have policy options...

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- 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



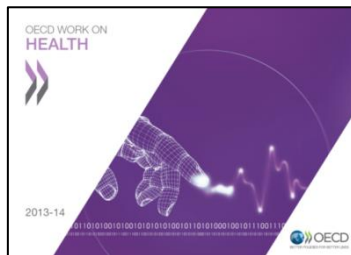
BUT MORE WILL HAVE TO  
BE EXPLORED!



# Thank you

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