The Well-Being of Older Asians to the Fore

Developing Asia is aging rapidly, with the pace accelerating in some economies. Greater longevity is an achievement of long-term socioeconomic development in the Asia and Pacific region, but it also poses new challenges. While older people, those aged 60 and above, accounted for 13.5% of the regional population in 2022, that figure is expected to nearly double to 25.2% by 2050. While aging is more advanced in some economies, even relatively younger ones are facing rapid demographic transition. The unprecedented speed of population aging in Asia and the Pacific stands out, with the onset happening at lower incomes than when advanced economies faced this change. The speed of change in economies like the Republic of Korea (ROK) and the People’s Republic of China (PRC) even outpaced earlier projections as birth rates plunged. A concern across the region is the risk that societies will grow old before they amass sufficient resources to adequately support their aging populations.

Absolute poverty for older people has declined, but relative poverty remains substantial. Available data from 22 economies in developing Asia indicate that the incidence of extreme poverty among those aged 65+ declined from 13.1% in 2010–2015 to 3.2% in 2016–2022. This improvement mirrored a reduction in poverty across all age groups in the region. However, in many regional economies, relative poverty rates for older people exceed those of the entire population. Further, conventional poverty data may not capture some complexities of poverty for older people, such as being disadvantaged in resource allocation within households. Population aging may exacerbate inequality by widening income gaps between older people and between them and younger people.

Physical and mental health challenges become more acute with age. Older persons face persistent burdens of lifestyle disease and heightened incidence of loneliness and social isolation, which is exacerbated by insufficient access to essential services such as health and long-term care. A new harmonized dataset on older people in nine economies in developing Asia found that on average 57% of older people have at least one diagnosed noncommunicable disease (NCD), but only 40% receive regular health checks and 43%
of older people with functional limitation lack long-term care. Depression is widespread with 31% of older persons reporting elevated depressive symptoms, owing to illness, social isolation, and economic insecurity.

**Pervasive informal employment and stark gender inequality further impede well-being in old age.** Up to 94% of workers aged 65+ in the region are employed in the informal sector. Informal workers enjoy little or no paid leave, disability allowance, or access to pensions. Many have little choice but to work as long as their health permits. Women can expect to live longer than men but are more prone to disease and therefore face insecurity in old age. Time spent on housework and family care constrains women’s economic opportunity and leaves them more vulnerable in old age.

**A life-cycle and lifelong approach to policy will help to ensure the well-being of older people.** The sheer speed and scale of aging, coupled with the heightened vulnerability of older persons, underscores the urgency for the region to tackle the aging challenge. Four key dimensions of older persons’ well-being are health, productive work, economic security, and social engagement. Among these dimensions, health—both physical and mental—is central to overall well-being as it keeps older people productive, economically secure, and socially engaged. Yet health in old age depends on choices individuals make over a lifetime, not just in old age. Thus, for younger and older alike, governments in the region can adopt policies and programs that encourage and enable choices that promote well-being in later years.

### Health of Older People

**Extended life years are not necessarily all healthy ones.** Over the past 2 decades, life expectancy at age 60 in the region increased by more than 5 years. But the expected number of years lived in less than full health also rose in most economies. Meanwhile, the share of NCD in overall burden, mainly from coronary heart disease, stroke and diabetes remains high and exceeds 80% in all subregions. Over the past two decades, the disease burden from Alzheimer’s and other forms of dementia increased by 7.8% in developing Asia, making dementia the seventh most prevalent health condition afflicting older people. The coronavirus disease (COVID-19) pandemic made it evident that older people with NCDs are more vulnerable to infectious disease, and they also are more affected by extreme weather events which are becoming more frequent with climate change.
Older people, especially women, face high rates of noncommunicable diseases and depression. The share of older people reporting at least one diagnosed NCD ranges from 35% to 68% across nine economies in the region. Diabetes and hypertension are universally higher in older women than men in these economies. For example, in Indonesia the share of older persons with hypertension is 12 percentage points higher for women and in Bangladesh the share with diabetes is 11 points higher. Women also are more likely to report elevated depressive symptoms. In the PRC where older people have the highest prevalence of elevated depressive symptoms, the shares are 43% of older women compared to 31% of older men.

Universal health coverage must meet diverse health needs of older people. While the ROK and Thailand have achieved universal health coverage, others lag behind with India having the lowest health insurance coverage among older people at 21%. Unequal access to health insurance is evident in other parts of the region. The Philippines and the PRC stand out for having relatively low coverage of poor older people. Those in the poorest quintile constitute 47% of all uninsured people in the Philippines and 35% in the PRC. In Bangladesh, Indonesia, and India, more than half of those without access to health care are in the bottom two wealth quintiles. In addition to making progress achieving universal health coverage, it also is critical to extend essential services and interventions that optimize older people’s physical and functional capacity.

Good health in old age can be ensured through promoting investments over a lifetime. Healthy aging therefore requires consistent promotion of healthy diets and investment in primary care and health-care infrastructure, and the creation of an integrated system of health-care delivery to serve the needs of people of all ages. Free annual health checkups and lifestyle evaluations should be available to people of all ages. Comprehensive health awareness campaigns should be conducted regularly to promote healthy behavior including exercise, eating habits and nutrition. To reduce the consumption of unhealthy food products, sin taxes can be levied and enforced.

Cost-effective mental health care is urgently needed in primary health-care systems. Mental health services can be made accessible to older people by integrating them with NCD care in primary health-care systems, for example by facilitating use of digital mental health apps and platforms for remote consultations with specialists. Mental health also can be improved by addressing functional limitations. Simply providing eyeglasses, a hearing aid, or a walker can greatly improve their mental health, reduce their sense of isolation, and improve autonomy and self-esteem.
Work and Retirement of Older Persons

The labor force participation of people aged 65 and above was 32.0% for men and 15.2% for women on average in 2021, both of which exceeded those in advanced economies. The rate has trended down for men since 2000, while rising for women in that period. Actual retirement age varies across the region from 51 to 63 years on average, with further variation within economies. Work and retirement patterns are notably different for workers in formal versus informal employment, and in rural versus urban areas.

A large share of older people work in agriculture, which is mostly informal work. The share of informal workers among older workers ranges from 64% to 99% in the region. Older women and people with less formal education are disproportionately employed in informal jobs. Workers who did not complete elementary school retire much later than those with higher education. Many of these workers work without basic labor protections in physically taxing jobs that put their health and well-being at risk as they age.

At the same time, older people’s capacity to work is a sizable untapped resource in the region. Formal workers typically retire as soon as they become eligible for a pension, or even before, despite a substantial increase in healthy longevity. For men aged 55–69, the health-determined additional capacity to work is estimated to be between 0.3 and 2.2 years (or 4–26 months) in seven out of eight Asian economies studied. More than 80% of men aged 60–64 are healthy enough to work, but among this potential workforce, across different economies, 10%–23% are not employed. The silver dividend or additional productivity that could be gained from untapped work capacity among older persons is substantial and could equal up to 1.5% of gross domestic product in the economies studied.

Policy action must address the vulnerability of older workers in the informal economy. More targeted policies are needed across the region to improve the jobs available to older informal workers. In the short run, governments with large informal economies can take policy action that helps transition older informal workers, including those in agriculture, into jobs that are less physically demanding and more flexible. Such policies could promote automation or other technological solutions, upgrade workers’ skills, and provide access to credit. Expanded basic labor protection should include accident and illness insurance, disability allowances, pensions, and programs that facilitate saving for retirement, which smooths the transition from work.
Lifelong learning and other proactive labor policies can keep older people productive and employable. Formal and informal workers alike benefit from lifelong learning that imparts employable skills and digital literacy. Governments can offer incentives for employers to hire and retain older workers. However, the low employment rates of older women are likely to continue until the gender imbalance in informal care burden is addressed. Policies that promote employment for older workers can mitigate some of the negative macroeconomic effects of population aging, notably declining workforce and rising expenditure on social security.

Transitions from work to retirement should be more flexible. Economies with an outdated statutory retirement age need to move it later or introduce more flexibility, while ensuring stronger social protection for those who lose their job before being able to access a pension. Flexible work arrangements, such as the option to work part-time, help older workers transition to retirement while ensuring that tax and pension systems do not unduly penalize those who work longer. Remuneration based on seniority, as is prevalent in many Asian economies, must be reformed to make the retention and hiring of older workers more affordable. Widespread ageism in Asian labor markets calls for legislation, improved monitoring and public awareness to change attitudes and perceptions.

Economic Security in Old Age and Pensions

Family transfers are still the main income support for many older people. Despite a gradual shift toward more independent living arrangements, older people in the region still rely heavily on transfers and other forms of support from their families. These transfers account for at least a third of older people’s income in most Asian economies, and often more than two-thirds. Changing social norms may alter these arrangements in the future, making financial preparedness increasingly critical to keep older persons out of poverty.

Financial preparedness for retirement varies across the region. An individual is considered financially prepared for old age if income, including from assets available for liquidation, meets consumption needs for the expected duration of retirement. A newly developed financial preparedness index shows the share of financially prepared near-old people—those within 5 years or so of retirement—to be as high as 86% in Japan and 73% in India, but somewhat lower at 64% in the PRC and 58% in the ROK. There is a wide rural–urban preparedness gap in the PRC with only 44% of rural residents prepared, barely half of the 82% of urban residents who are prepared. In India, the PRC, and the ROK, 80%–90% of financial resources for retirement come from private income and assets, not public pensions or social assistance.
Contributory pensions have low coverage but social pensions help fill the gap.

Contributory pension coverage is generally low among older people at 19% on average in the region based on surveys. In many economies, coverage is substantially lower for women and rural residents, and even working-age enrollment languishes below 10% for some. Low coverage largely reflects the prevalence of informality. Noncontributory social pensions are a widespread response to low formal pension coverage. No fewer than 28 of 35 economies surveyed in developing Asia now have noncontributory social pensions. Coverage of social pensions is significantly higher than that of contributory pensions, reaching 46% of older persons, on average. These pensions include some income redistribution as coverage is highest in the poorest wealth quintiles, exceeding 30% in economies with available survey data. At the same time, the social pension coverage in the wealthiest quintile also exceeds 15% in almost all of these economies. Even where social pension coverage is high, low benefits mean modest impact on improving elder well-being.

Governments must foster greater financial literacy, inclusion, and preparedness for retirement. Financial literacy campaigns raise awareness and understanding of simple financial concepts such as compound interest. To help individuals make better financial decisions and become long-term savers, governments and financial institutions can leverage new behavioral insights that favor, for example, a narrow set of high-quality financial products over a bewildering array of options. Financial literacy brings the most benefits if achieved at an early age or introduced at the point of decision.

Pensions will play greater roles in economic security as Asia ages. The governments should expand contributory pension coverage to informal workers and increase coverage of social pensions among poorer old people. For contributory pensions, top policy priorities are to introduce schemes in which public funds are matched with the voluntary contributions of informal workers including women, expand coverage in the formal sector, and increase benefits for lower-income contributors through redistribution within programs. Reform should pay close attention to gender aspects of program design. Economies that lack social pensions should consider introducing them. Finally, pension systems can be made more efficient and effective by adopting innovative pension design and administrative tools such as the automatic adjustment of benefits based on demographic and economic indicators, introducing digital payment and auto-enrollment, and leveraging technology and behavioral insights.
Family, Care, and Social Engagement

As more older people in the region live alone, some of them will face greater vulnerability. The share of older people living alone has increased by 17% since the turn of the millennia as fertility has fallen and longevity risen. A preference for independent living is expected to strengthen as living standards improve. However, some live alone involuntarily and are more vulnerable. Women’s relative longevity and economic insecurity leaves more older women than men living alone, often in precarious circumstances.

Older women and the poor have many unmet needs for long-term care, which are likely to increase as populations age. Families will continue to play a pivotal role in old-age care, despite evolving social norms. Yet the current model of long-term care leaves large care gaps. Care needs are unmet for an average of 43% of older people with physical limitations, jeopardizing their well-being, with women and the poor being disproportionately affected. Without policy intervention, gaps in long-term care threaten to widen further with population aging, family shrinkage, and changing cultural norms.

Social isolation is an emerging issue that requires more attention. In the region, 16% of older people surveyed say they feel lonely most of the time, a condition often associated with depression. People who live alone tend to feel isolated. In different Asian economies, 10%–30% of older individuals report not having weekly contact with even one of their children, with older women having less social engagement than men.

Support for family caregivers is essential to older people’s well-being. Long-term care systems should support aging in place. Many economies in the region have implemented low-cost community-driven interventions that provide community caregivers with information, counseling, and training. Such support should be extended to family caregivers, including older caregivers who are often excluded from these programs. Further, governments should provide respite care, which has proved very effective at alleviating the burden on family caregivers and thus improving the quality of care.

Integrated care systems tap families, markets, and governments to provide seamless long-term care. The provision of long-term care requires ensuring adequate human resources, by upskilling and formalizing informal caregivers and engaging youth and volunteers. Also critical is to integrate regional labor markets and facilitate well-regulated migration of caregivers across borders. A smooth transition requires that integrated care systems be financially viable. Sustained public contributions are required to earn public support and trust and to ensure system sustainability. Governments should develop
national and community coordinating mechanisms to facilitate collaboration by the government, community stakeholders, and families. More evidence should be collected on how various policies can improve care system design and implementation.

Social engagement in the community can prevent isolation. Community health workers and social workers can be trained to identify vulnerable people, conduct needs assessments, and direct older people to appropriate community initiatives to promote their social engagement. Effective community-based initiatives include clubs for older people, volunteer and intergenerational activities, and cohousing solutions. Efforts should be made as well to remove barriers to social connectivity by developing age-friendly cities, investing in public transport, and reducing the digital divide that excludes older people.

Living Well and Aging Well

As Asia ages, it needs to step up efforts to help people age well. Economic and social progress in the region has sharply reduced poverty, tangibly improved the quality of life, and significantly extended longevity. Yet the well-being of current and future cohorts of older people in the region remain at risk from multiple threats. Yawning inequality separates older citizens across all four dimensions of well-being: health, productive work, economic security, and social engagement. A key policy agenda across the region is to ensure the well-being of older people by helping them to age well. Well-being in old age can be enhanced by individuals’ lifetime investment in their own health, education, skills, financial preparedness for retirement, and family and social ties. Policies for aging well should promote in particular healthy lifestyles, lifelong learning to update skills and learn new ones, and long-term financial planning for retirement.

The four dimensions of well-being in old age are closely interconnected. Some are inherently mutually reinforcing such as health and social engagement while others can create unintended consequences such as the work disincentives of pension benefits. Among the four dimensions of well-being, healthy aging is the overarching goal, critically influencing the other three. It is thus essential for governments to design and implement well-aligned and coordinated policy actions. The private sector can play an important role by creating age-friendly jobs, offering suitable financial products for retirement, and developing the care economy. Because an extensive knowledge gap bedevils aging issues across the region, policymaking would benefit from generating microdata on older people, collating administrative data, and rigorously evaluating programs and policies to better understand the costs and benefits of various policy options and interventions.
A lifelong, life-cycle, population-wide approach is needed to meet the aging challenge. This three-pronged strategy can help the region raise the well-being of its older citizens. A lifelong approach encourages continuous investment in human capital throughout people’s lives. A life-cycle approach provides adequate interventions in accordance with age-specific needs. And population-wide outreach targets people of all ages. Comprehensive aging policies can ensure a healthy and productive older population offering a large silver dividend and other economic and social contributions.

Governments can do more to empower their citizens to plan and prepare for old age. They can disseminate information and raise awareness that helps workers of all ages set realistic expectations about future retirement needs, taking into account that future policies may change the retirement age and pension terms. They can also support initiatives that help firms and workers develop career plans and retirement paths in anticipation of longer working lives.

Promoting well-being in old age has fiscal costs, but countermeasures can help contain them. The expansion of health and long-term care services, and enhancement of pension coverage and adequacy, will entail substantial fiscal costs. Experience in advanced economies shows that expanded fiscal space is indispensable. Fiscal space can be augmented by strengthening tax revenue mobilization and promoting growth-oriented fiscal spending. Public and private investment in human capital—beginning in the cradle with preventative and curative health care, followed by lifelong education—can generate over time bigger silver dividends as healthy and educated older people become more productive. Retirement savings can be significant new sources of capital for productive investment that generates more economic growth and tax revenue.

Early investment is key for Asia to harness its silver dividend. Future generations of older people will live healthier and longer lives and be more educated. To leverage their full potential to the benefit of their own well-being and the broader society, the time is now for Asian governments to take action to improve all four dimensions of well-being in old age. If they do this, people throughout Asia and the Pacific can aspire to live well and age well.
Aging Well in Asia
Asian Development Policy Report Highlights

The inaugural Asian Development Policy Report examines progress in Asia and the Pacific in preparing for and achieving well-being among older people. It explores four linked dimensions of well-being: health, productive work, economic security, and social engagement. The report provides new data and analysis to help inform policy debates in the region. It highlights the need for lifelong investment in human capital, a life-cycle approach to intervention for age-specific needs, and population-wide outreach to people of all ages.

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