



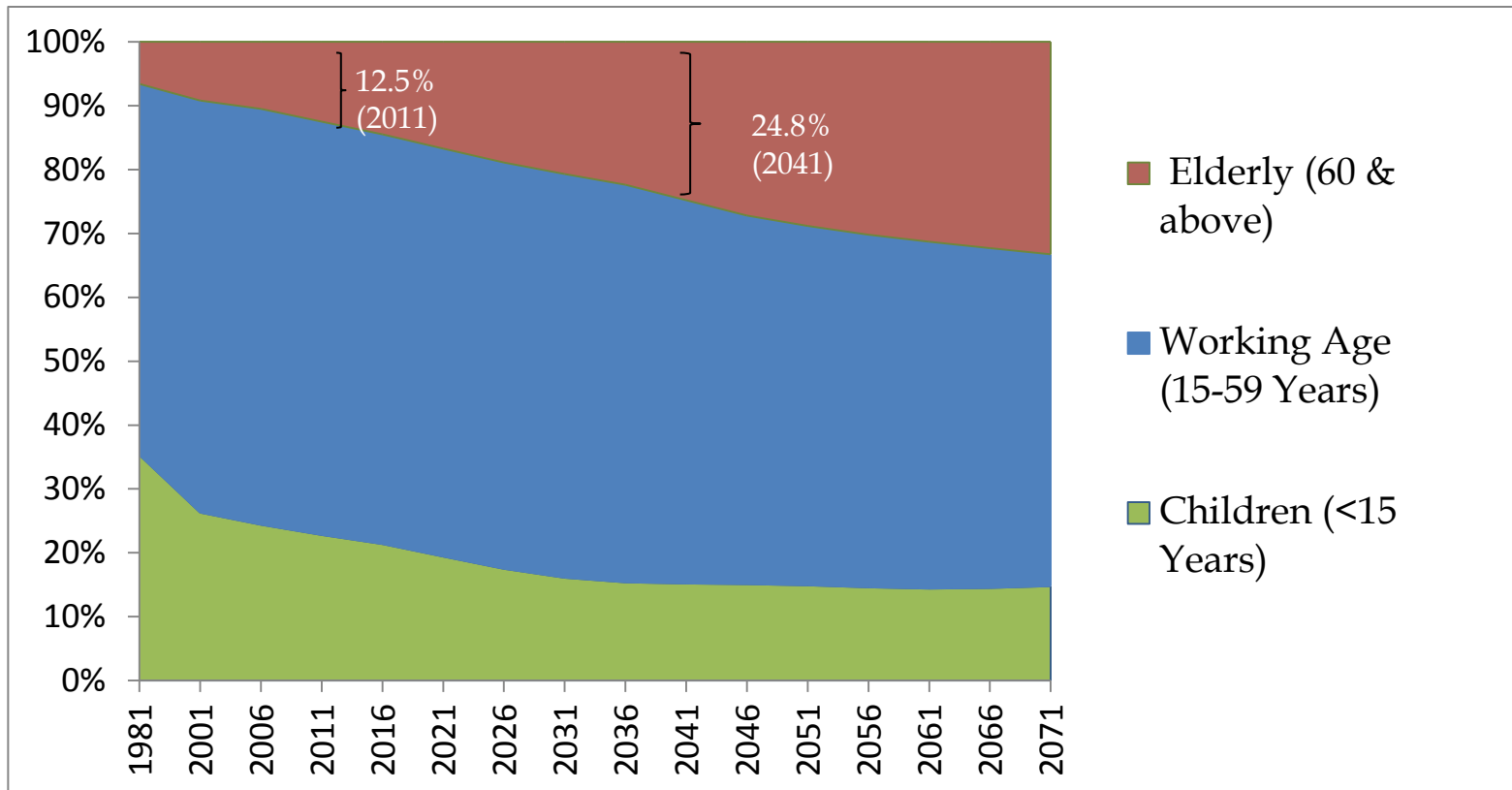
# Income Security for Older Persons in Sri Lanka

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Ganga Tilakaratna

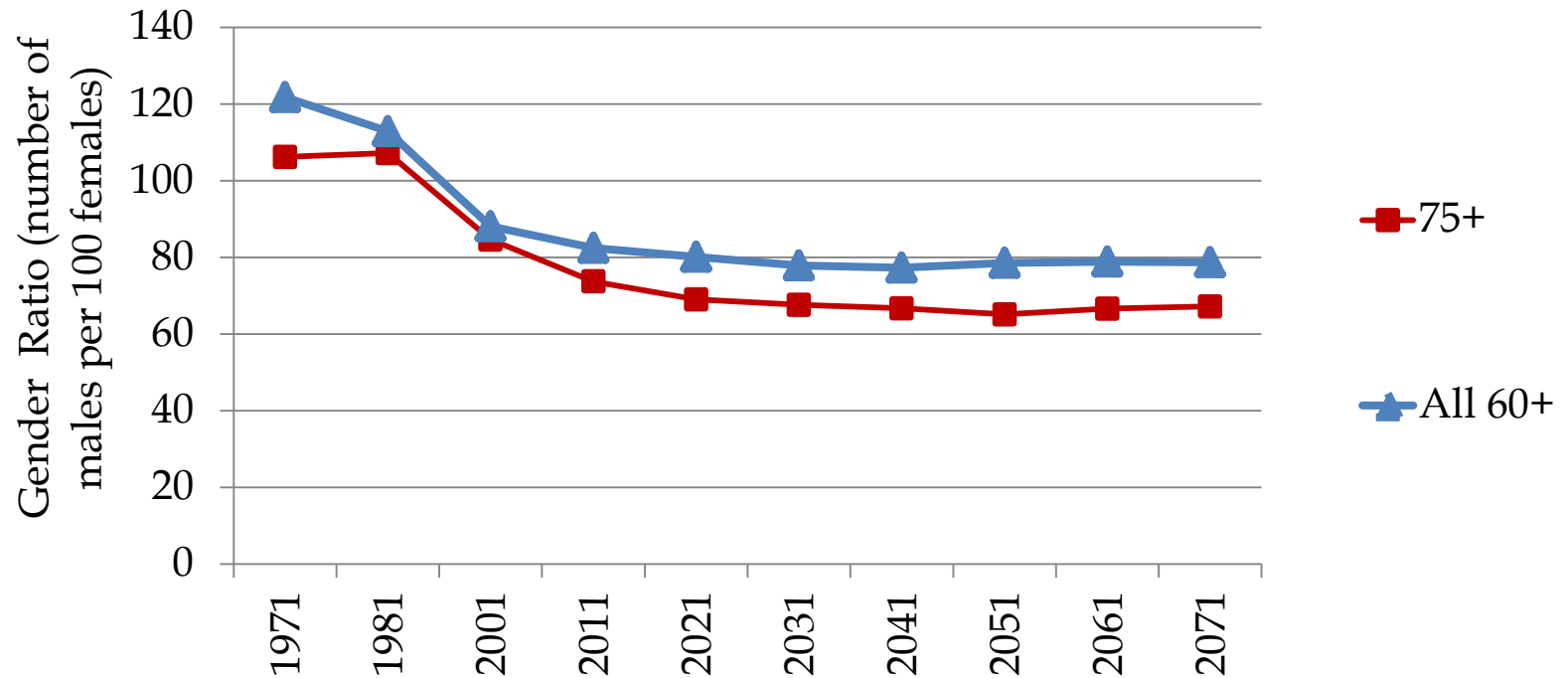


# Ageing Population in Sri Lanka



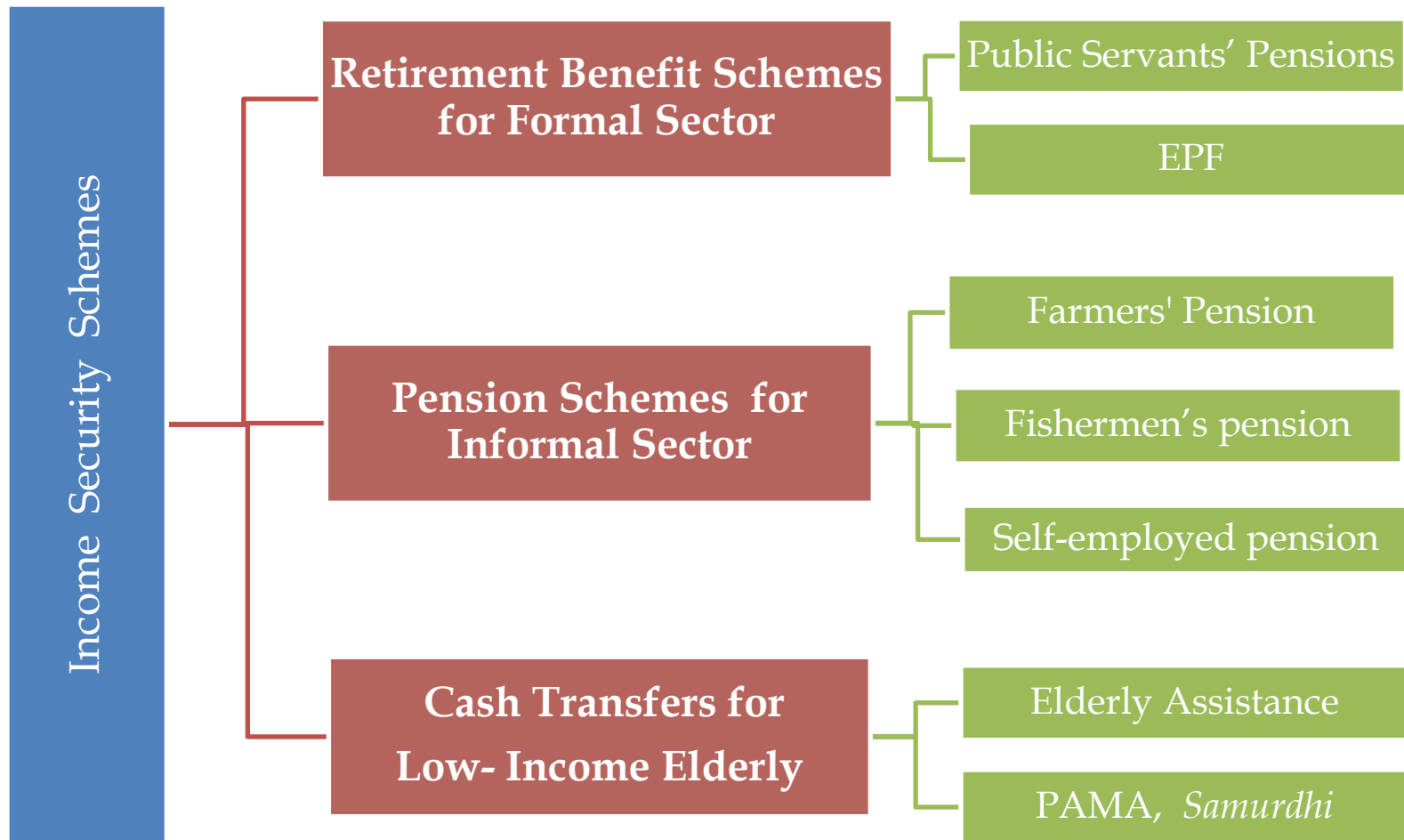
Source: Based on De Silva (2012): 'The Age Structure Transition and the Demographic Dividend'

# Gender Ratio of the Elderly Population



- ❑ A higher proportion of females in the 60+ age group. Proportion of females is even higher in 75+ age group

# Income Security Schemes for Older Persons



# Retirement Benefit Schemes for Formal Sector Workers

## ❑ Public Servants Pension Scheme (PSPS) - since 1901

Non-contributory scheme for all permanent employees in the public sector

## ❑ Widows, Widowers & Orphans Pension Scheme (W&OP)

## ❑ Public Servants Provident Fund

Contributory scheme for public servants not eligible for the PSPS

## ❑ Employee's Provident Fund (EPF)- since 1958

- Contributory scheme for formal Pvt. sector employees
- Lump-sum benefits

# Pension Schemes for Informal Sector Workers

- ❑ Voluntary and Contributory schemes
- ❑ Benefits: Monthly pension at 60, survivor benefits and disablement and death gratuity



## Farmers Pension Scheme (in 1987)

- Contributions : every 6 months or as a lump sum
- Pension amount depends on the age of joining scheme



## Fishermen's Pension Scheme (in 1990)

- Contributions : every 3 months or as a lump sum
- Pension amount depends on the age of joining scheme



## Pension for Self- employed Workers (in 1996)

- Benefits and contributions are higher than other 2 schemes
- Policy holder can choose the expected pension & design policy

# Cash Transfers for Low-Income Elderly



## Elderly Assistance Program

- Monthly cash grant of Rs 2000 to elders aged 70+ years, without any other income

## PAMA - Public Assistance Monthly Allowance

- Implemented by Provincial Councils
- Monthly cash grant of Rs 250+

## Samurdhi Cash transfer

- Monthly cash grant to low income families (Rs 750 +)



# Coverage of Income Security Schemes for Elderly

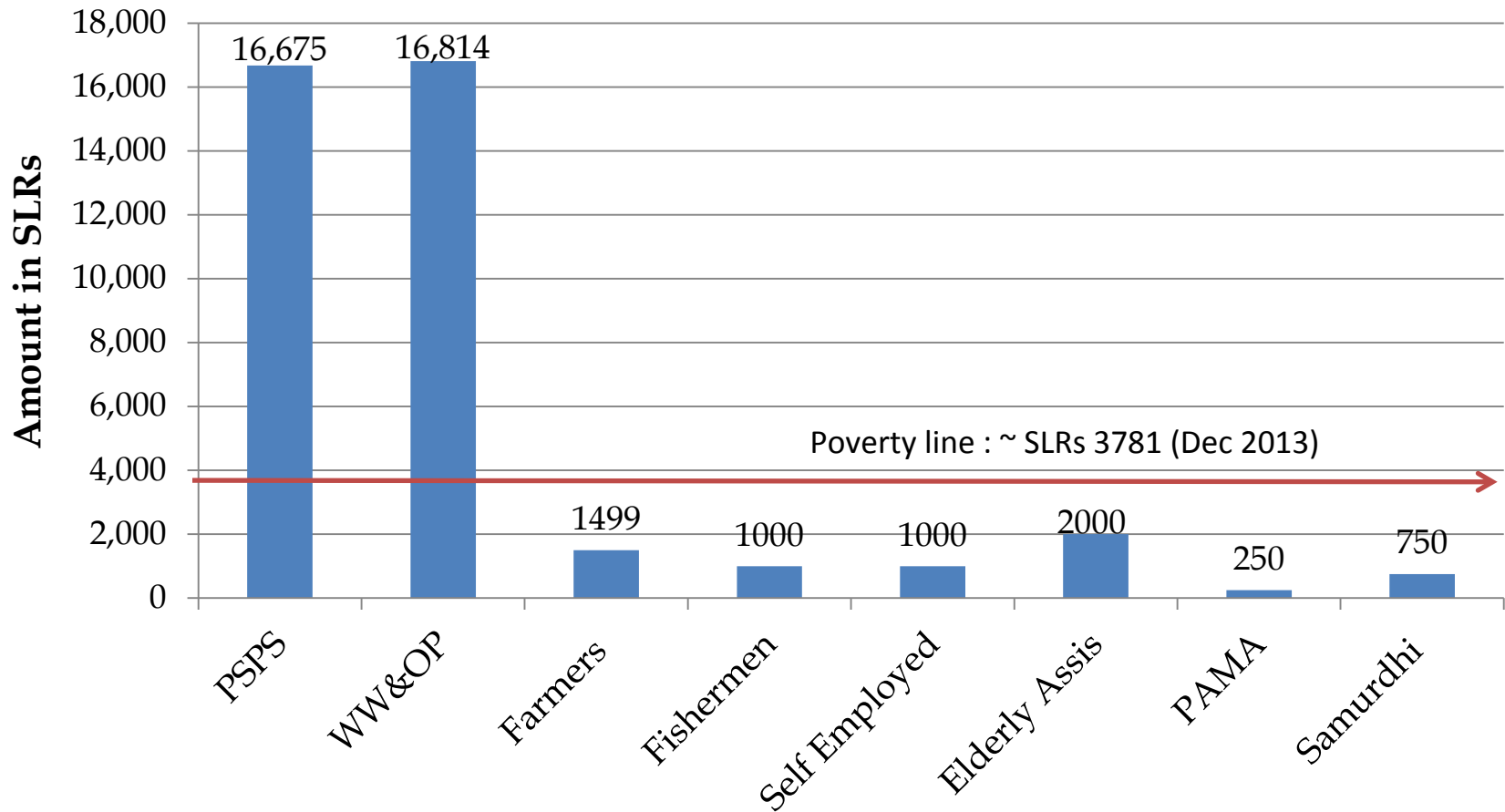


**More than 50% of Elderly are NOT  
covered by income security schemes**

UNESCAP (2015); Tilakaratna & Jayawardena (2014)

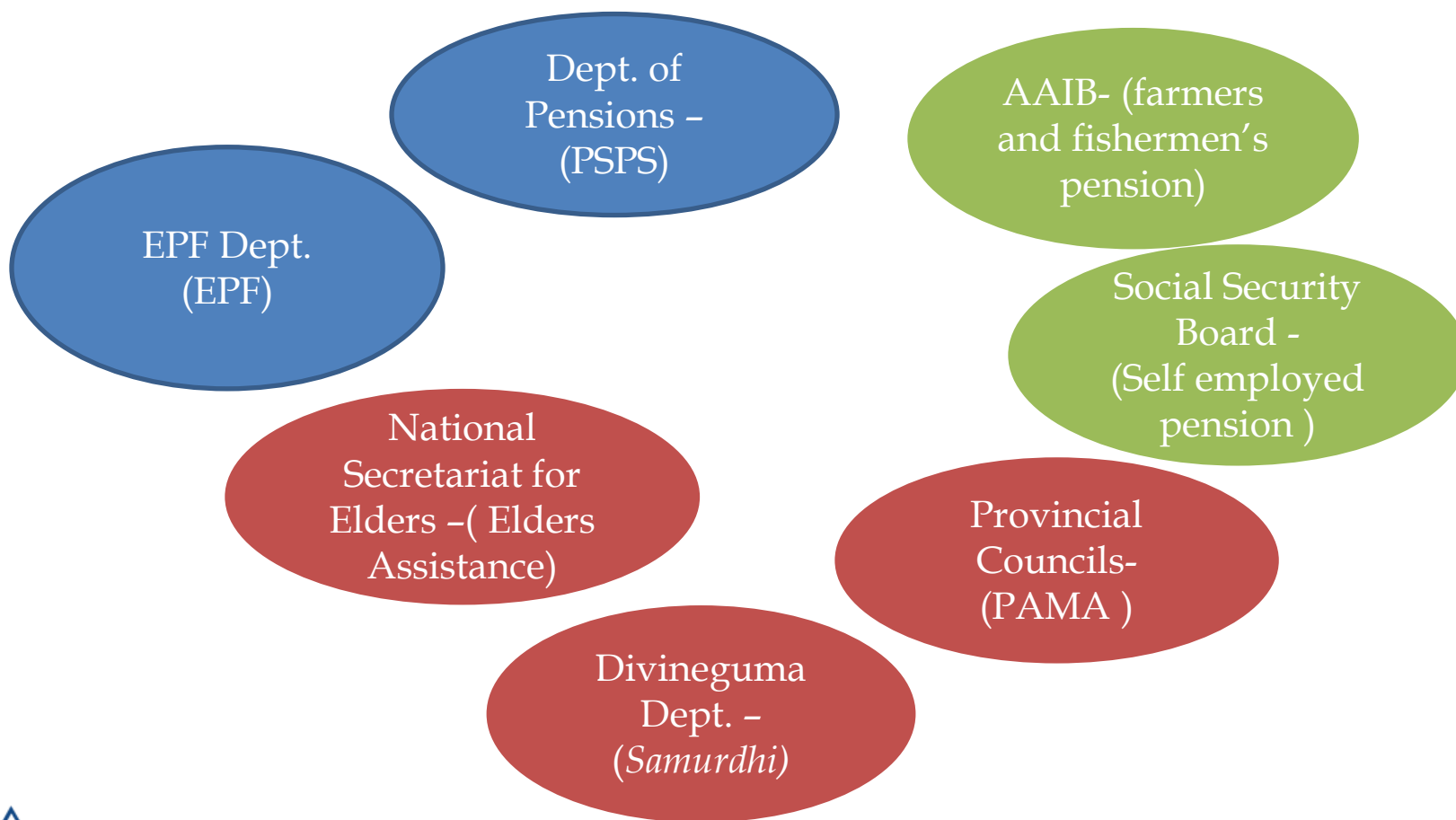


# Adequacy of Benefits?



- Benefits under these schemes are not indexed to inflation

# A Fragmented System....



# Sustainability of Schemes

- ❑ The cost of the non-contributory PSPS is high, although it covers less than 20% of elderly

**1.4%**  
of GDP  
(in 2015)

**45%**  
of transfers to HHs  
(in 2015)

Expenditure  
doubled during  
2009-2015

- ❑ Given the increasing number of pensioners and rising costs, sustainability of the non-contributory scheme is a challenge.
- ❑ Sustainability of the contributory informal sector pension schemes is an issue – low and irregular contributions, inactive membership, inadequate government funding, etc.

# Conclusions and Recommendations

- ❑ The current social security system has failed to provide adequate income security for a large share of elderly.
- ❑ The weaknesses of informal sector pensions have indicated the difficulty of sustaining contributory schemes for informal workers.
- ❑ Need for reforms to expand coverage and provide adequate income for all elderly.
- ❑ Introduce a (universal) social pension scheme.
- ❑ Reforming the PSPS : introducing a contributory scheme for public servants.

*Thank you*



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