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## Income security for older persons in Sri Lanka, a key future concern

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Oct 29, 2015 (LBO) – Sri Lanka’s pension schemes need to be reevaluated as an adequate pension is essential to ensure income security for the elderly to support the fast growing aging population, an economist said.

“Providing pension coverage for future older generations could be a challenge,” Nisha Arunatilake of Institute of Policy Studies of Sri Lanka said.

“Due to an increasing number of pensioners, sustainability of these funds is a critical issue to be addressed in the future.”

She was speaking at a national consultation on income security for older persons in Sri Lanka organised by the Institute of Policy Studies in Colombo recently.

Data shows that Sri Lanka is the most rapidly ageing country in South Asia and the percentage of the older population was 13 percent in 2014, and is expected to increase to one fifth of the total population by 2030 and one fourth of the total population in 2050. The percentage of the working-age population is declining.

According to International Labour Organisation (ILO) 17.1 per cent of older persons in Sri Lanka currently receive a pension, but only 7.1 percent of the current working-age population are active contributors to a pension scheme.

Arunatilake says only the 20 percent of the 60 plus persons who receive the public servants pension receive an adequate pension to keep them out of poverty.

“The benefit amounts received by others are not adequate enough to keep them out of poverty, if they are solely dependent on the pension.”

There are 24 income support schemes which include the state’s Public Service Pension Scheme (PSPS) and the private sector’s Employee Provident Fund (EPF).

There are also contributory pension schemes for the informal sector workers which include the Farmers Pension and Social Security Benefit Scheme (FMPS), Fishermen’s Pension and Social Security Benefit Scheme (FSHPS) and the Self-employed Persons Pension Scheme (SPPS).



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Other than for these there is a Public Assistance Monthly Allowance (PAMA), which provides an allowance to households whose monthly income falls below a minimum amount.

Efforts have been made to increase coverage of pensions, Arunatilake said by creating separate pension funds with voluntary contributions for different professions, including for fishermen and migrant workers.

“However, several of these pension funds are too small to be sustainable and the benefit levels paid under these pension funds are often too low to provide income security for the beneficiaries.”

Highlighting the problems within the pension system she says 87 percent of the population between the ages of 15 and 59 are not covered by a pension scheme.

Analysts says that the system in the island should be contributory and sustainable as the public sector pension system was mostly unfunded while the Employees Provident Fund could not be considered a pension scheme.

Arunatilake says older women in Sri Lanka are at higher risk of falling into poverty due to their lower labour force participation and thus low coverage by pension schemes.

“The challenge in Sri Lanka is to provide a sustainable and gender-responsive system of old-age income security for a rapidly ageing population.”

Thus, there is a need to assess the prevailing pension schemes in Sri Lanka in more detail, particularly with regards to its coverage, benefit level, sustainability, gender-responsiveness and its need for reform, she added.



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