



Closing the gap

Adequacy and coverage
of pensions in Sri Lanka

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Content

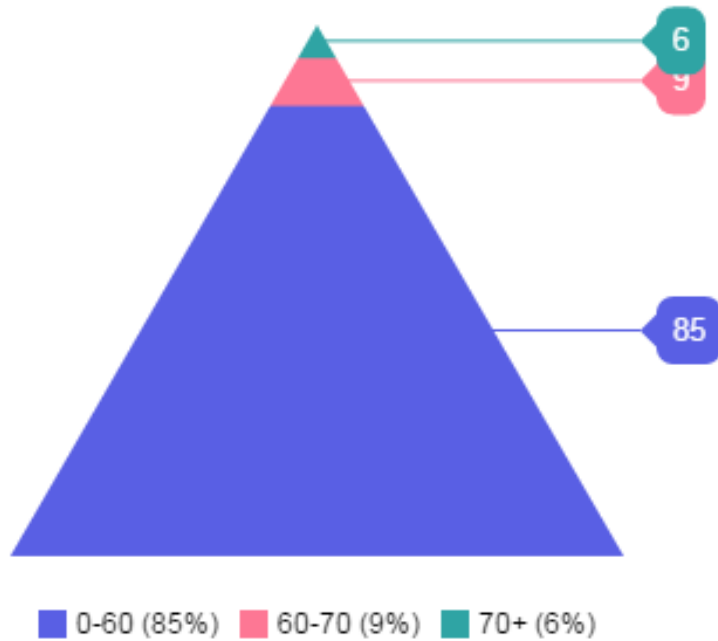
- **Why talk of pensions?**
- **What are the existing pension schemes?**
- **How sustainable are they?**
- **What is their population coverage?**
- **How adequate are the pension amounts?**
- **How costly to extend to all?**
- **Summary**



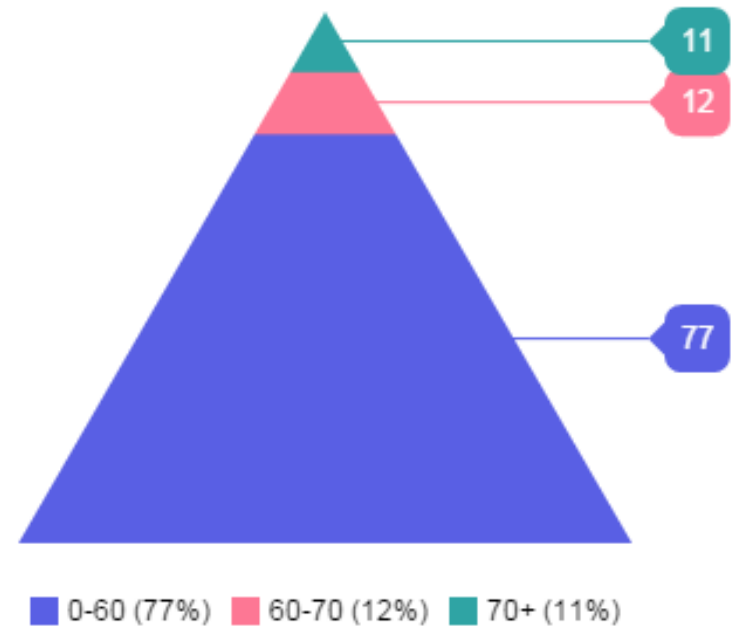
Why talk of pensions?



Sri Lankan population is ageing

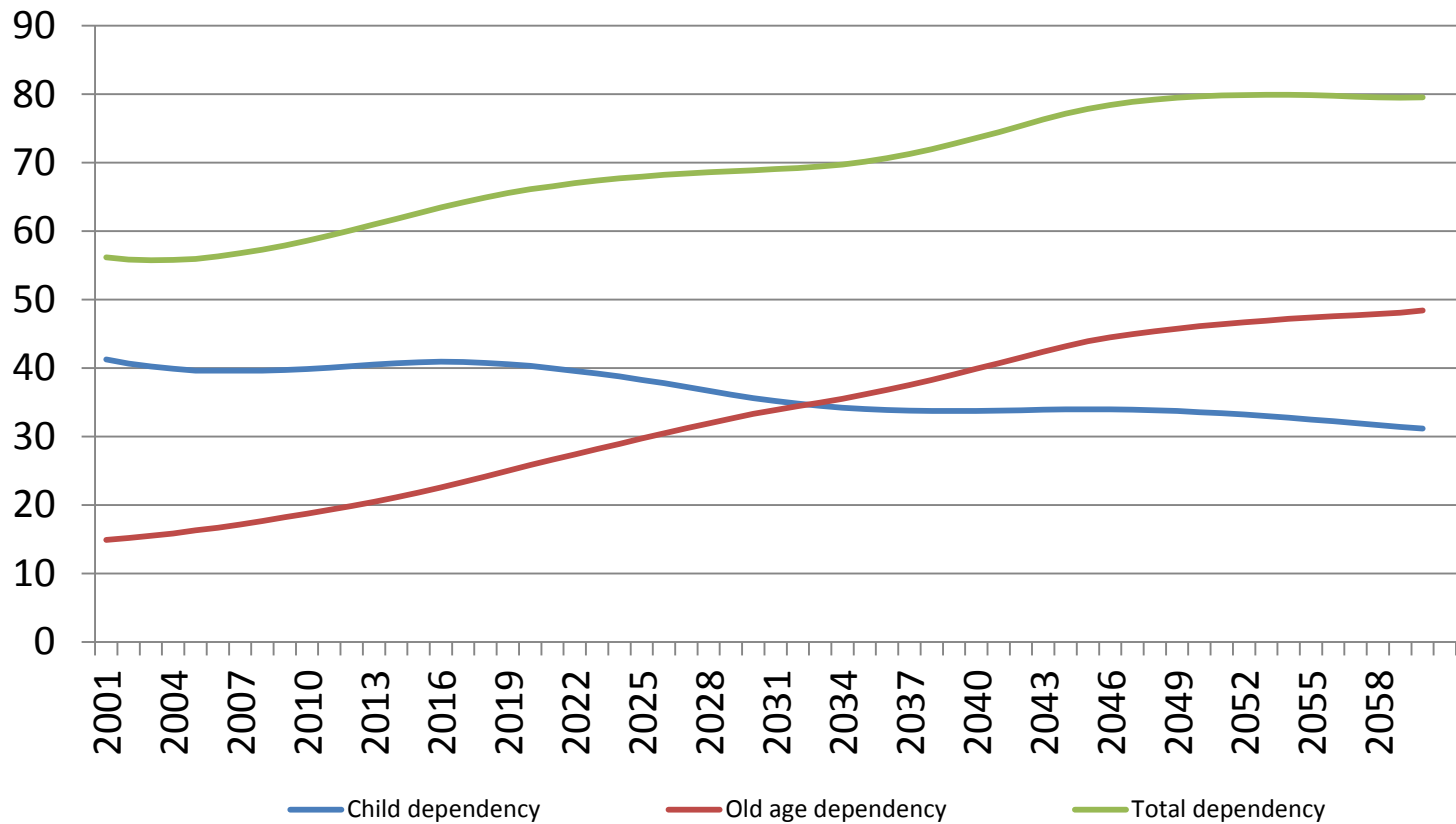


2015



2030

Old age dependency in increasing ...



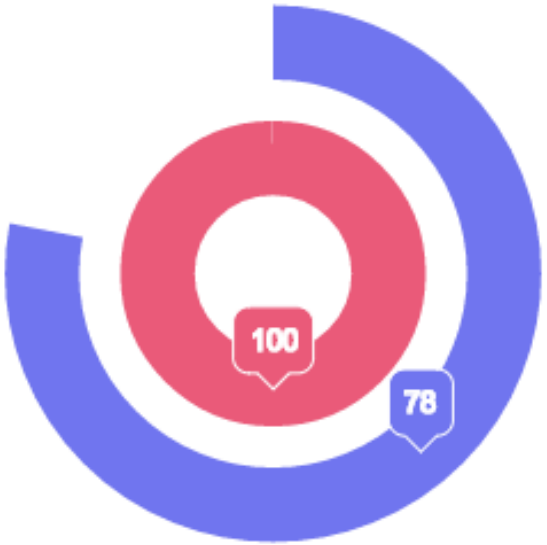
There are more elderly females than males

2015



Male (60+) Female (60+)

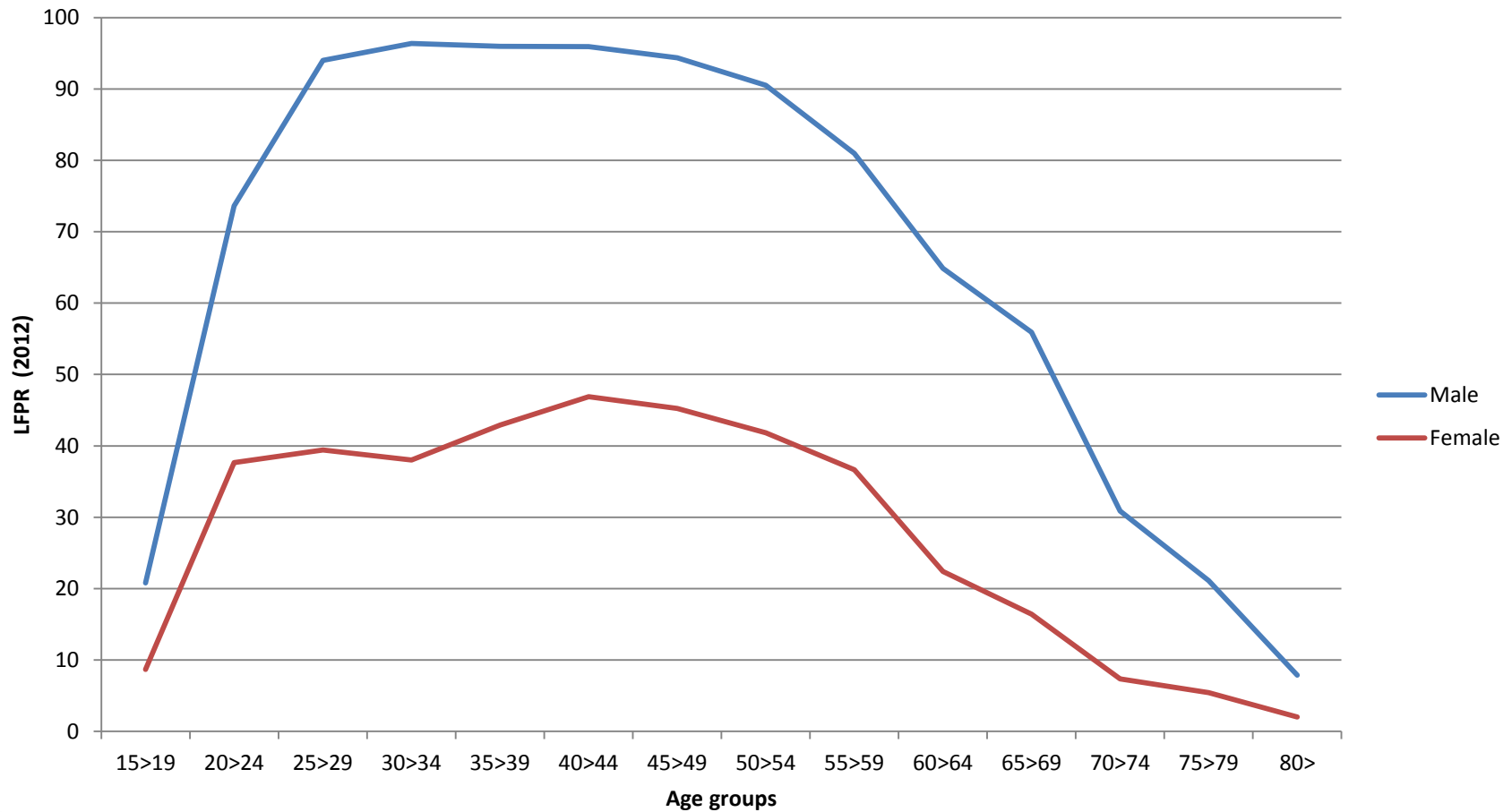
2030



Male (60+) Female (60+)



Most pension schemes are employment based, but not all females get employed



What are the existing pension schemes?



Public sector

- Public servants
- Armed Forces Pensions
- Widows/widowers & orphans
- 'Public servants provident fund'

'Private sector'

- Employee provident fund
- Employee trust fund

Informal

- Farmer's
- Fishermen's
- Self employed, etc.

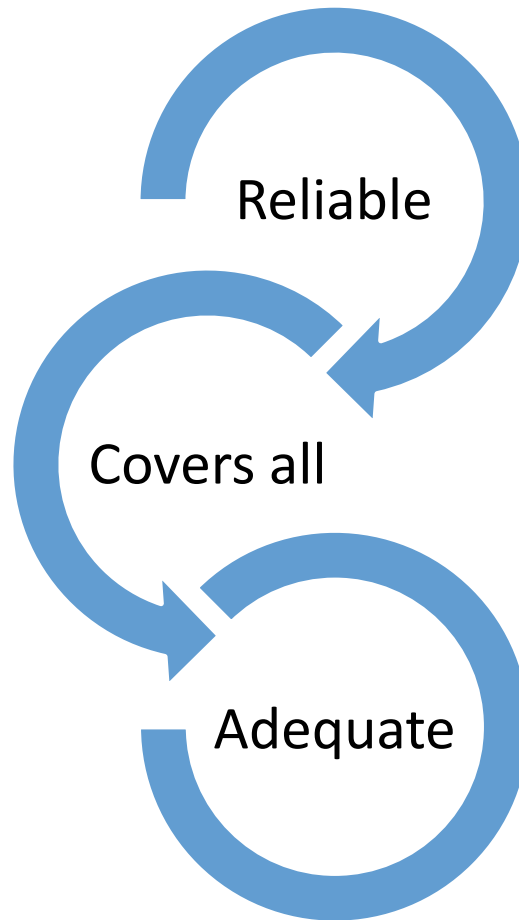
Elderly assistance schemes

- Public Assistance Monthly Allowance (PAMA)
- Elderly Assistance Programme (EAP)

Informal sector pension schemes

FMPS ⁴	1987	AAIB	Contributory sub by gov.
FSHPS ⁴	1990	AAIB	Contributory sub by gov.
Migrant worker pension scheme ⁵	2008	National Pension Trust Fund	Contributory sub by gov.
Sahana ⁷	1996	SSB	Contributory sub by gov.
Thilina ⁷	1999	SSB	Contributory sub by gov.
Isuru ⁷	1999	SSB	Contributory sub by gov.
Sarana ⁷	2006	SSB	Contributory sub by gov.
Surakuma ⁷	2006	SSB	Contributory sub by gov.
Dhanalakshmi ⁷	2006	SSB	Contributory sub by gov.

A good pension system is ...



How reliable are the pension schemes?



Public sector

- Non-contributory - Treasury funded
- Widow(er)s & orphans - contributory

'Private sector'

- Contributory

Informal

- Contributory subsidized by government

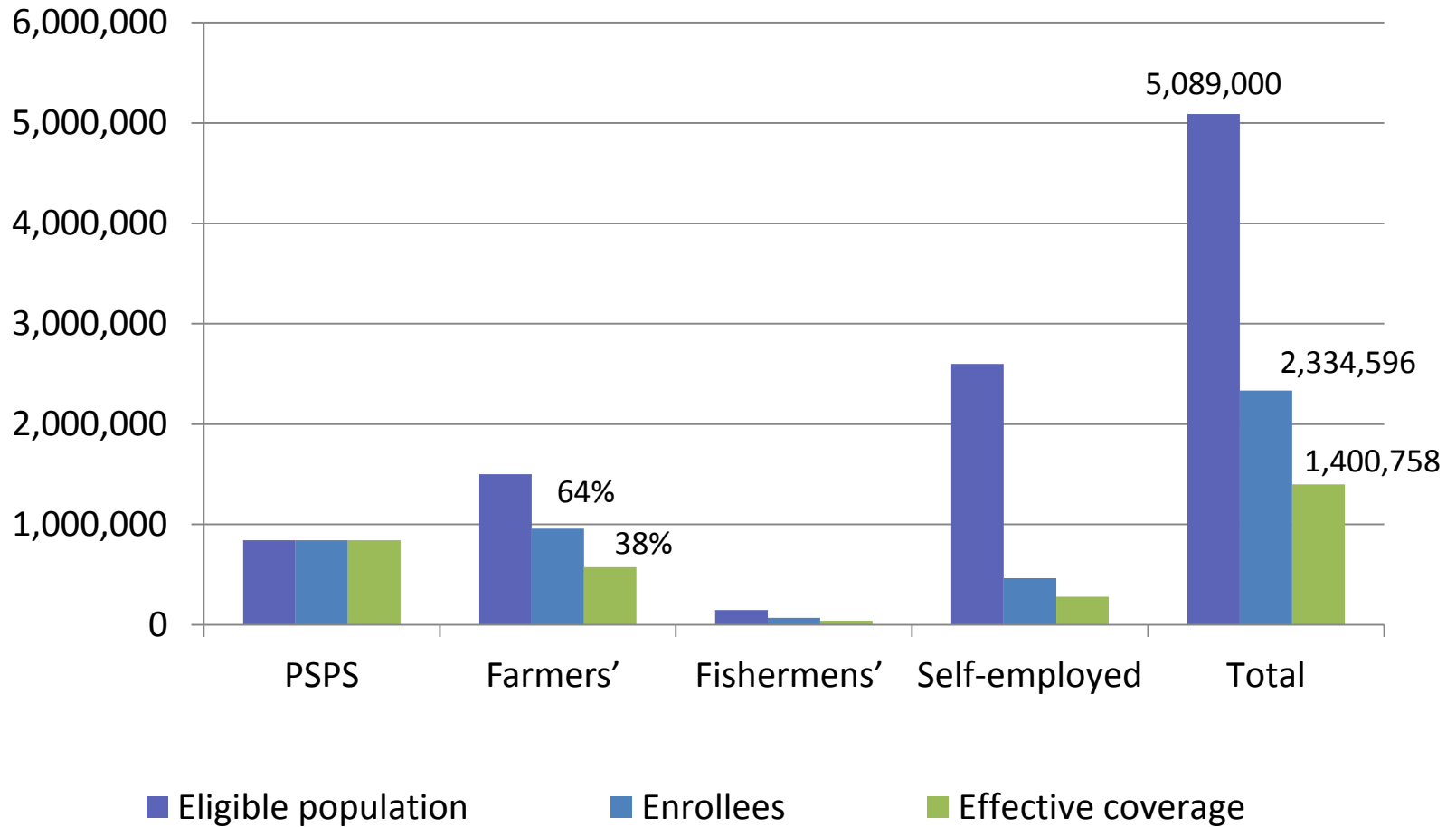
Elderly assistance schemes

- Non-contributory
- Treasury funded

What share of population is covered?

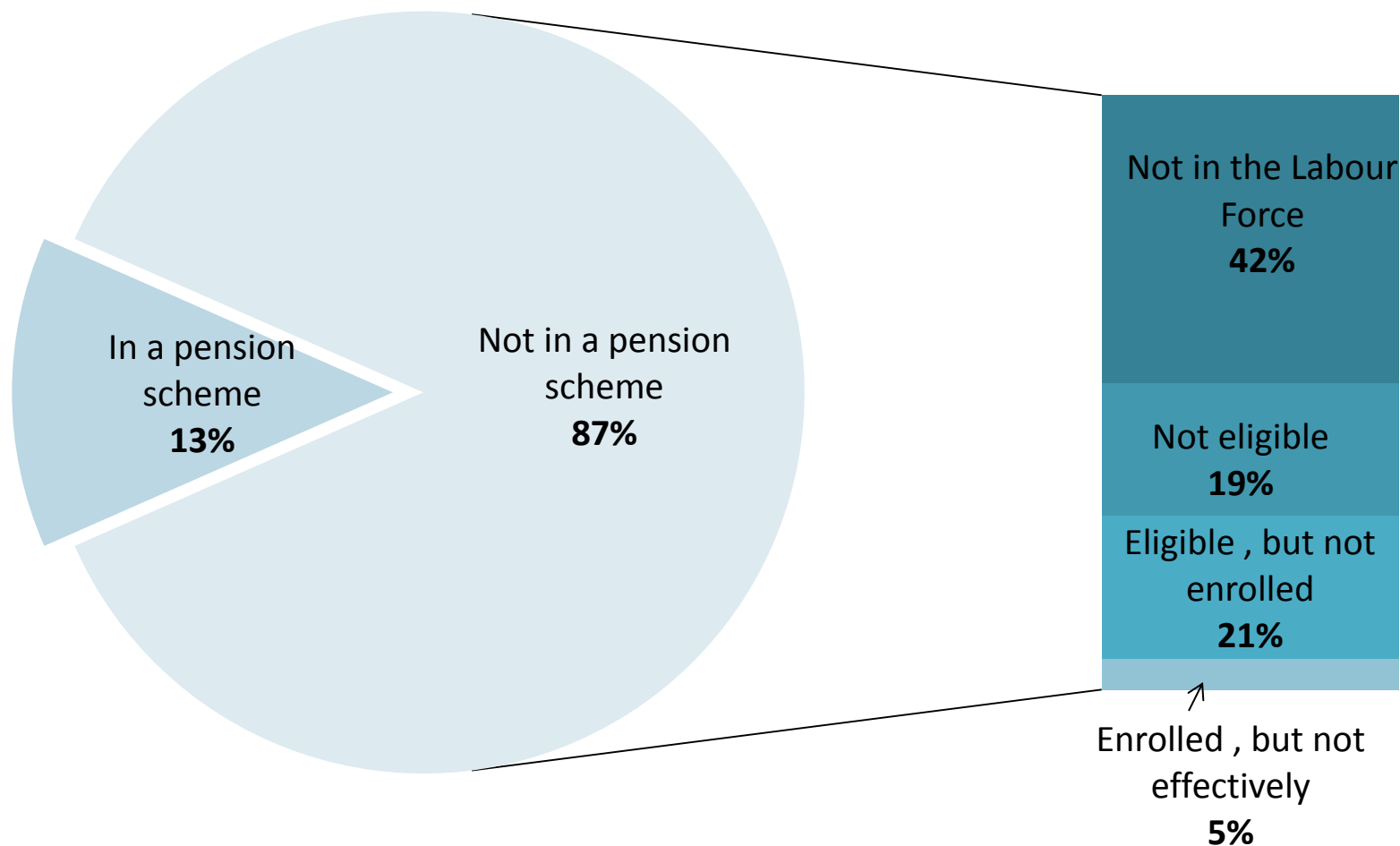


Coverage of different pension schemes (2012c)



Enrollment in Pension schemes

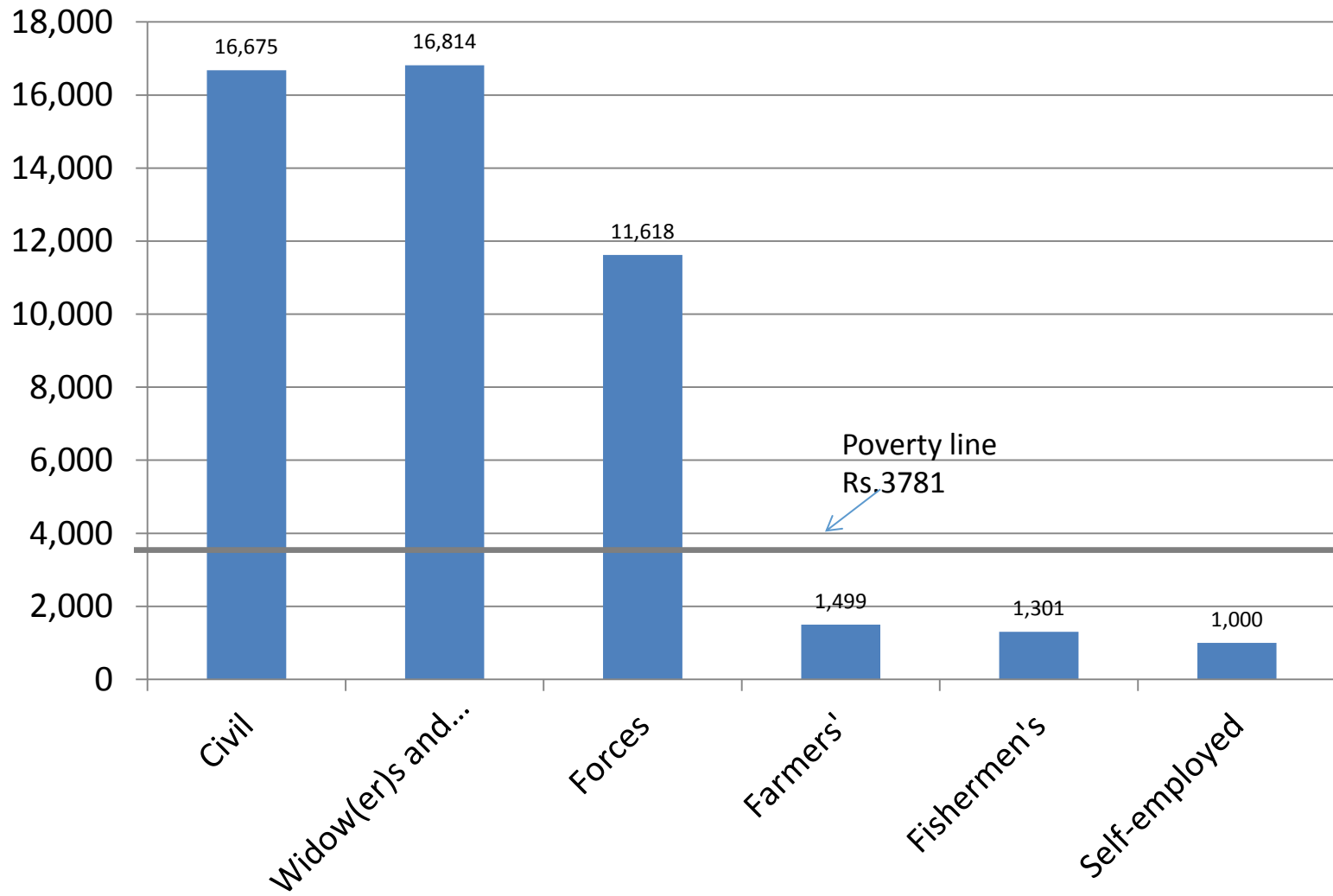
Share of 15-59 population in Sri Lanka (2012)



How adequate are the pensions?

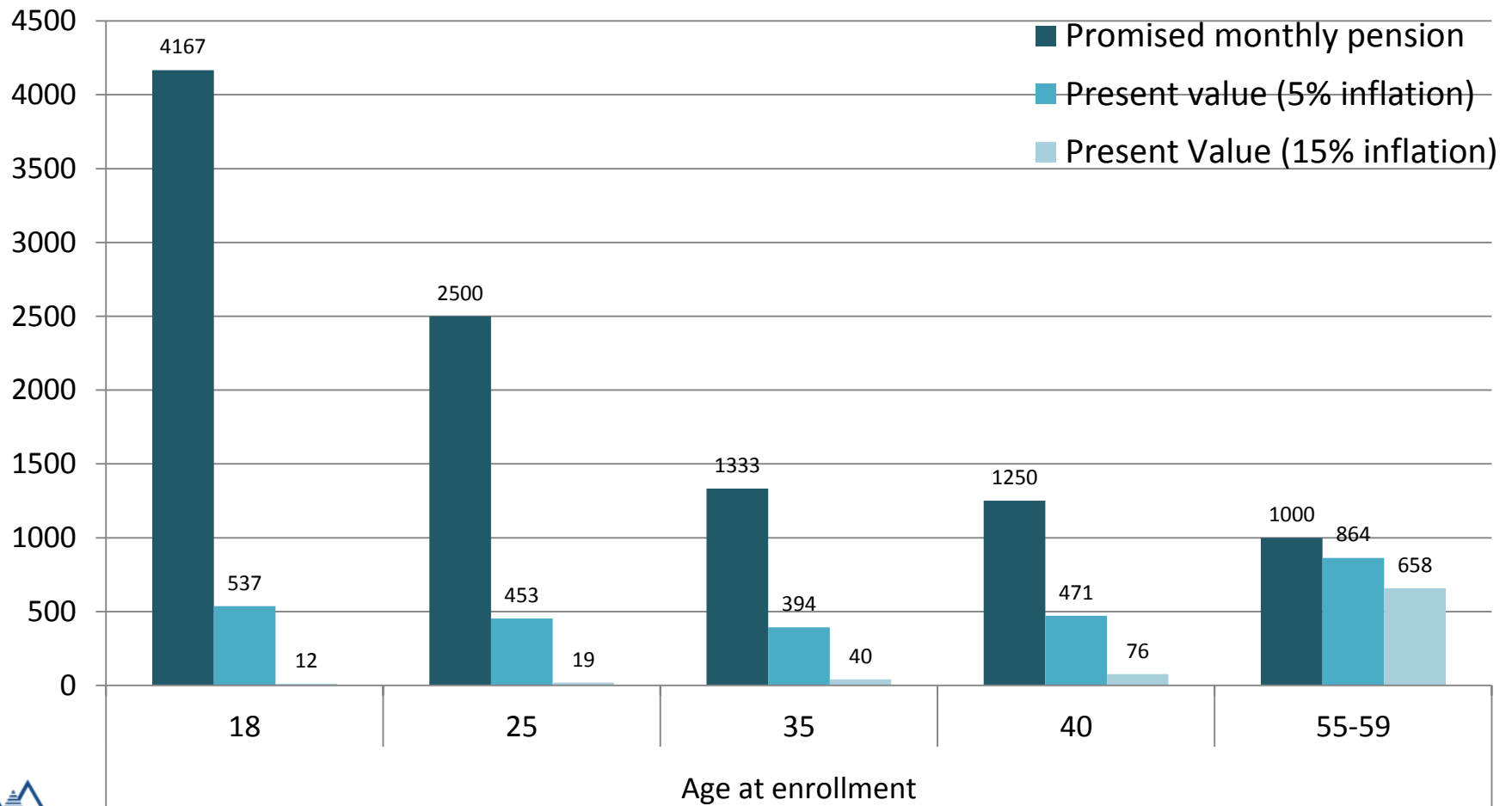


Average monthly pensions (Rs.)



Present value of future pensions (Rs.)

(farmer's pension scheme - if pension starts at age 60)



How costly to extend to all?



Success of different pension schemes...

Contributory pensions

- Unsuccessful in low income countries with a large informal sector (Willmore, 2008)

non-contributory pensions – means tested

- e.g., India and Bangladesh
- Issues: problems with targeting, costs of targeting

non-contributory pensions - Universal

- e.g., Nepal
- Issues: costly, benefits also to the wealthy

Depends on how extended ...

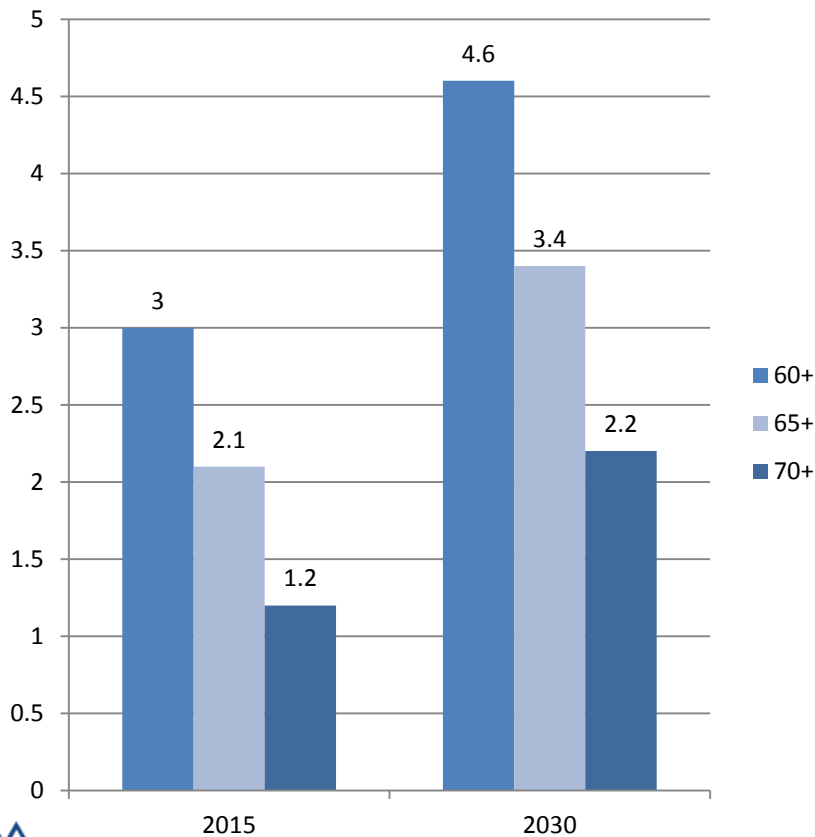


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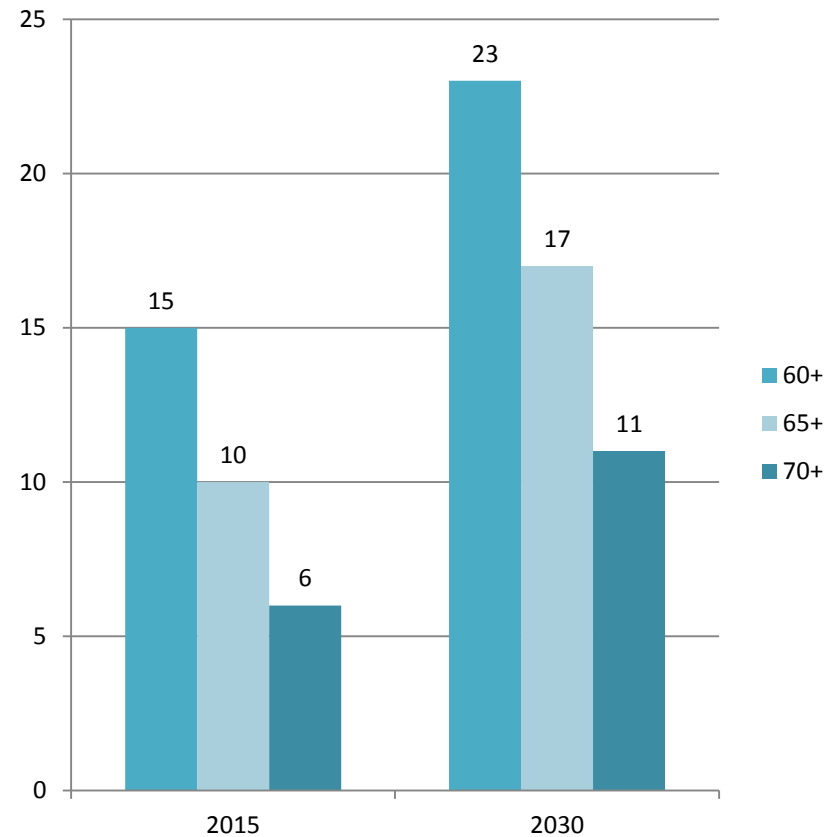
Cost and coverage of a universal pension

(20% of per capita GDP)

Pension cost (% of GDP)



Coverage (% of population)



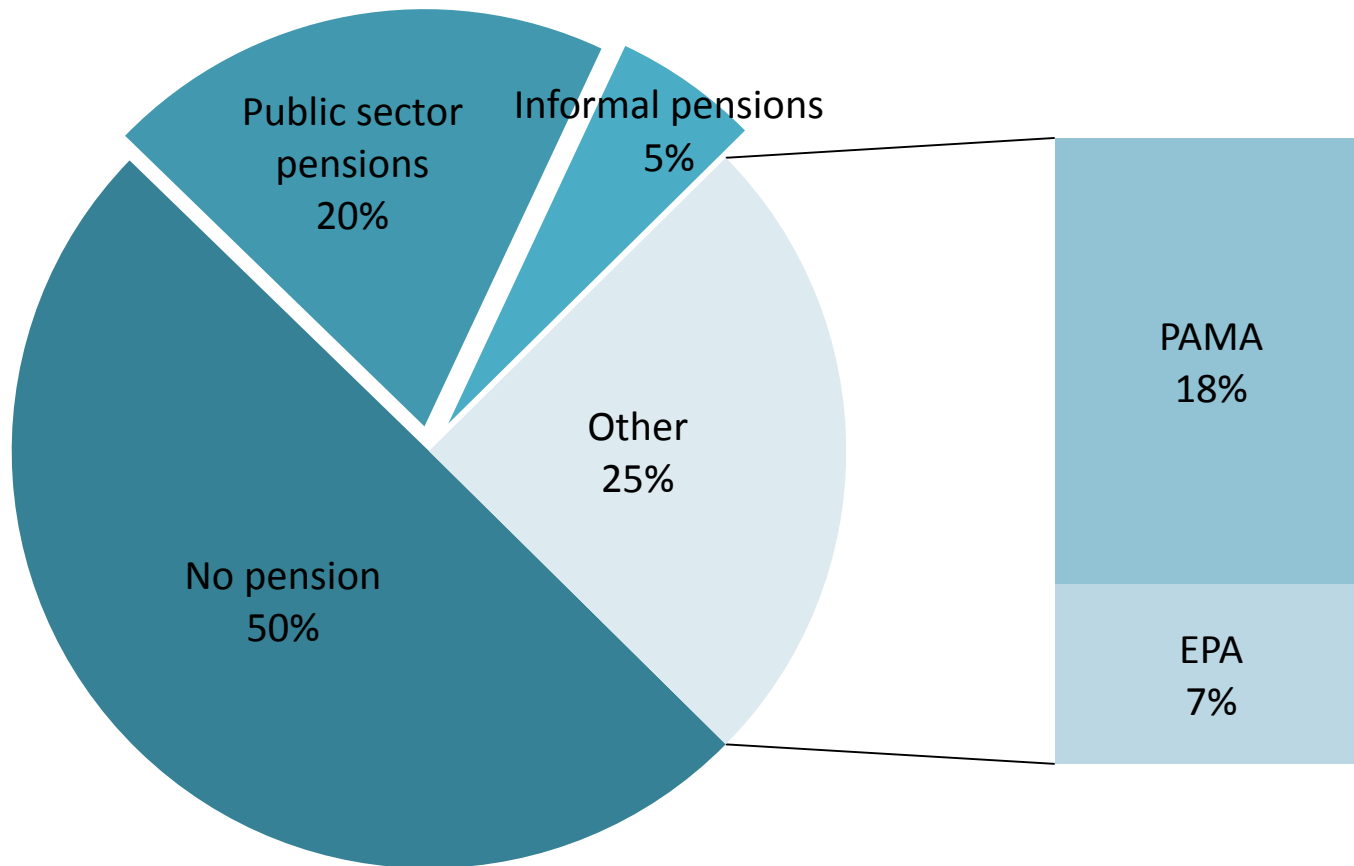
Summary



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Pension Coverage

60 and Above Population in Sri Lanka (2012)



Reference:

Samarakoon and Arunatilake, 2015,
Retirement – can all afford it?, Institute of
Policy Studies of Sri Lanka.



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