

Social Pension, Aging and Poverty in Malaysia

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Abstract

The increasing number of elderly in Malaysia calls for a more stringent policy to safeguard the well-being of the elderly. The old age protection such as the pension scheme, Employees Provident Fund and the old age cash assistance although in tact, deemed to be inadequate to eradicate elderly poverty. One possible solution to secure financial protection during old age is through social pension that provides non-labor income for the retirees or elderly with the purpose of preventing or reducing elderly poverty. This paper attempts to estimate the financial cost of social pension scheme and quantify its potential role in reducing elderly poverty in Malaysia. The financial cost of social pension scheme was calculated as a percentage to GDP. By using the 2009 household income expenditure survey, the paper estimated the potential roles of social pension in eradicating elderly poverty. Sensitivity analysis indicated that the cost social pension could be kept at an average of 1.30 percentage of GDP. The 2009 HIES data also indicated that poverty could be eventually be eradicated with social pension while cost of the social pension was kept at reasonable levels.

Keywords: social pension, aging, poverty

I. Introduction

Heller (1997) emphasized that the demographic change in the population imposes important challenges for government policy makers especially that of the East and Southeast Asia countries particularly on the issues of retirement financing. A good indicator of retirement financing is a scheme that could provide at least a fifty percent replacement rate. Asher (2000) argued that formal old-age protection have been much less developed in Southeast Asia in relation to its level of economic development. Hence, the retirement benefits of the Southeast Asia countries including Malaysia are thought to be inadequate to finance the retirement expenses and push the elderly into poverty.

The framework to prepare and live for retirement can be explained through the five pillars of retirement advocated by the World Bank. Pillar 0 is inclusive of the 'noncontributory zero pillar' in the form of social pension or general social assistance typically financed by the government. In regard to this, Malaysia has introduced the *Bantuan Orang Tua* (BOT) or the elderly cash assistance given to the poor elderly with income less than RM720 per month. Pillar 1 includes the social insurance program providing retirement benefits as well as survivorship and disability benefits, currently being covered under the

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Social Security Organization (SOCSO). The employment based plan under Pillar 2 covers two large groups of the working population, that are the civil servants under the defined benefit pension schemes and the private sector workers under the defined contribution Employees Provident Fund (EPF). To complement the first two pillars is personal savings, in which the Malaysian government has introduced the private retirement scheme (PRS) to encourage personal savings in voluntary manner. Pillar four is the retirement choices of the elderly in terms of lifestyle and retirement choices.

There are several weaknesses of the current formal social protection schemes in Malaysia. First and foremost, the schemes fail to cover all categories of population. It has been estimated that approximately 30 percent of the Malaysian working population, mainly working in the informal sector, is not being covered by any formal social protection schemes (Sim and Hamid, 2010). Hence, the elderly has to revert to other means of informal schemes, which includes personal saving, family support, insurance and welfare assistance. Some elderly have to continue working to financially support themselves and their family. The pension scheme, financed through a pay-as-you (PAYGO) scheme, in which pensions paid to current pensioners are financed from contributions paid by current workers has severe problems. To sustain the scheme with higher number of pensioners in the future, it needs to raise more contributions from current workers in the cost of higher productivity of the future generation or the scheme could reduce the pension benefits to the pensioners. Without pension reform to address this issue, there is a big possibility that the pension PAYGO scheme would go into deficit. At the same time, the Employees Provident Fund (EPF), a defined contribution scheme for the private sector, is neither perfect, in which its design is one of the contributors to the inadequacy of retirement benefits, leading to elderly living in poverty at old age. Following Asher (1998), savings in a provident fund involve the accumulation and decumulation phases. The cumulative balance is net cumulative balance (contributions – withdrawals) plus interest accrued. Saving is accumulated and earns interest during the accumulation phase i.e. working period. In the second phase, savings are withdrawn either lump sum or periodically, which leaves the fund to deplete to zero, leaving elderly in poverty and have to turn to other forms of social protection to finance retirement expenses.

In designing retirement schemes, it is important to recall that their objectives: protection against poverty in old age and consumption smoothing from work to retirement. The first objective is accomplished through effective first pillar programs targeting a universal population and the second objective is achieved through a well-planned second pillar programs ensuring a sustainability retirement income. According to Holzman and Hinz (2005), Pillar 0, with the aim of protecting the elderly from poverty is achievable through a 'basic' or 'social pension' at least social assistance let it be a universal program or means tested. It was iterated that this scheme is most important for the poor, followed by the informal sector then the formal sector. The social pension or social assistance, being non-contributory in nature is funded through the government's budget or federal revenue. Holzman, Robalino and Takayama (2009) noted that social pension has gained popularity as one form of cash transfer to elderly but there had not been many research done to assess their performance in extending coverage and preventing poverty for the poor. Social pension could be a universal or resource tested program. Its implementation could easily be distinguished in four forms:

- i. Universal Social Pension: cash income to all elderly, regardless of socio-economic status

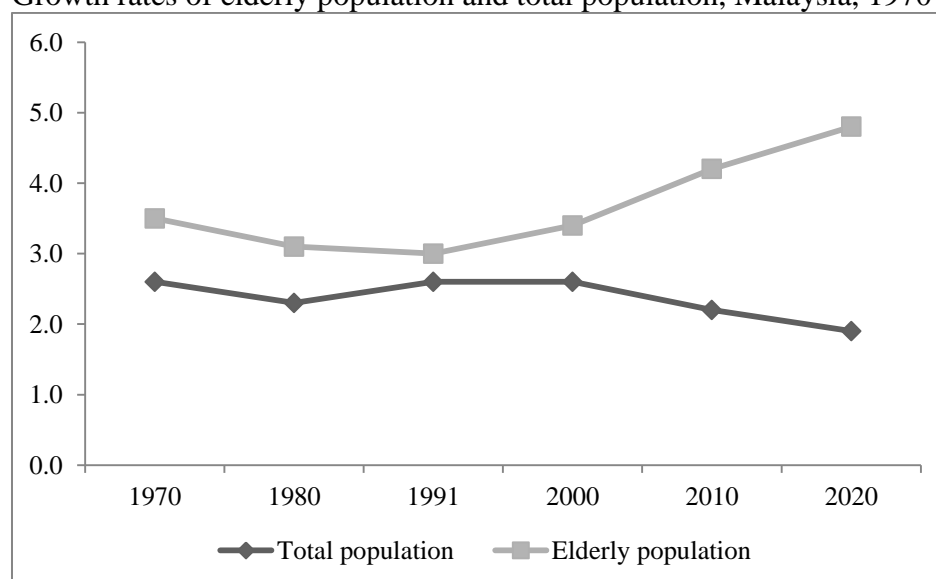
- ii. Means-Tested Social Pensions: solely for the poor and are conditional on the level of income
- iii. Minimum pensions targeted to elderly with lowest retirement incomes
- iv. Social assistance approach targeting poor households with co-residing elderly

In general, social pensions are paid to the elderly, but in developing countries social pensions address household, not individual, poverty while in developed countries social pensions are expected to raise beneficiaries above the poverty line, but in developing countries they provide fixed-level income supplements that are often insufficient to lift beneficiaries and their households out of poverty (Barrientos, 2009). However or whatever is the implementation of social pension, it is important to note that social pensions are non-labor income for the retirees or elderly with the purpose of preventing or reducing elderly poverty. Nevertheless, a common concern on the implementation of a universal pension is that the scheme is too costly. This paper attempts to estimate the financial cost of social pension scheme and quantify its potential role in reducing elderly poverty in Malaysia.

II. Ageing population in Malaysia

The number of elderly aged 60 years old and above almost doubled between the period of 1970 – 1991 from 546 thousand people in 1970 to 1.03 million people in 1991 (Department of Statistics, 2005). This number increased again to 1.4 million in 2010 and projected to increase to 3.43 million in 2020 (Department of Statistics, 2005) and 6.3 in 2040 (Department of Statistics, 2012). The growth rates of the elderly are showing an increasing trend, even higher than the growth of the total population, that shows a decreasing trend (Figure 1).

Figure 1
Growth rates of elderly population and total population, Malaysia, 1970 – 2040



Source: Department of Statistics (2005)

The increasing numbers of elderly in the future is influenced by many factors; among them are healthy life styles and longer life expectancy. Life expectancy at birth has improved from for females and males respectively, to 71.6 and 76.5 years old for males and females respectively in 2009. It is assumed that life expectancy increases by 0.2 years every year or

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males and females. With this, it is expected that life expectancy for males and females in the year 2040 are 78 and 82.6 years old respectively (Department of Statistics, 2012).

The increasing numbers of elderly provide many policy implications in regard to the elderly’s wellbeing that include income support, health, familial arrangement and lifestyle. Most importantly, the elderly’s financial wellbeing has to be secured. While some elderly are protected by the formal pension schemes such as the civil servant pension schemes and the private sector EPF, some have to turn to the government for support such as the BOT. In some instances, some elderly are left with nothing or even if they have the guaranteed financial protection, they are inadequate to support the rising cost of living. Based on the 2009 and 2012 Household Income Surveys (HIS), elderly was one of the groups mostly susceptible to poverty. Although there was a reduction in the incidence of poverty reported in 2012, pockets of poverty among the elderly still exists.

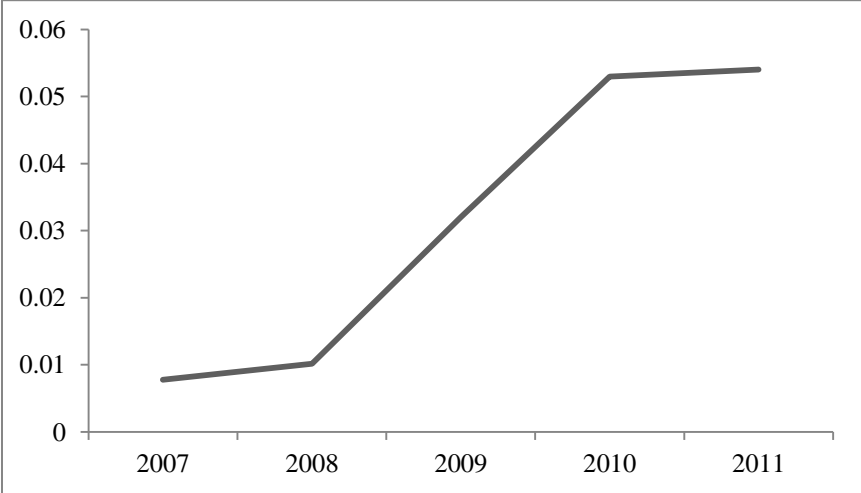
Table 1
Incidence of poverty by age group of head of household, Malaysia, 2009 and 2012

| Age Group | Incidence of Poverty 2009 | | Incidence of Poverty 2012 | |
|--------------|---------------------------|---------------|---------------------------|---------------|
| | Poor | Hardcore Poor | Poor | Hardcore Poor |
| Total | 3.8 | 0.7 | 1.7 | 0.2 |
| 15-24 | 2.7 | 0.5 | 1.6 | 0.2 |
| 25-29 | 1.4 | 0.2 | 0.6 | 0.1 |
| 30-34 | 3.3 | 0.5 | 1.3 | 0.3 |
| 35-39 | 4.5 | 0.8 | 2.4 | 0.4 |
| 40-44 | 5.5 | 1.3 | 2.5 | 0.3 |
| 45-64 | 3.8 | 0.7 | 1.6 | 0.2 |
| 65 and above | 3.6 | 0.6 | 1.4 | 0.2 |

Source: Department of Statistics (2012, 2013)

It was also reported that the number of beneficiaries and benefits provided for BOT also increased over the years, hence leading to the escalating costs of BOT (Figure 2). Nevertheless, the average costs of BOT as a percentage of GDP was only 0.03 percent.

Figure 2
Costs of BOT as a percentage of GDP, 2010 – 2011



Source: Department of Social Welfare (2011, 2012)

III. Methodology

The methodology of this paper is involve estimating the future costs of implementing social pension and assessing the potential roles of such social pensions in reducing poverty by using the 2009 Household Income Expenditure (HIES) survey.

a. Financial Feasibility

Ignoring administration costs, the cost of providing a universal pension is expressed as a proportion of Gross Domestic Product (GDP) (Willmore, 2007) as

$$C = R \times B$$

where C is the cost of a universal pension, R is the number of recipients of the universal pension and B is the pension benefits.

This expression implies that costs will be higher with greater amount of benefits and higher number of eligible recipients. Lu, He and Piggot (2014) suggest that the benefit is set to the poverty line, among others, to ensure that the pension scheme is affordable and sustainable. Hence, the financial cost of the universal pension as a proportion of GDP is given by the following expressions:

$$C = (B/g) \times (\sum P_i/P)$$

where B is the poverty line, g is GDP per capita, P_i is the population eligible to receive the universal pensions at age i and P is the total population.

b. Eligibility criteria

The universal pension schemes proposed for Malaysia are categorized into six categories

- i. Universal / basic pension for all elderly;
- ii. Resource tested social pension, targeting elderly whose household income falls below the poverty line income;
- iii. Resource tested social pension, targeting household with co-residing elderly member;
- iv. Resource tested social pension, targeting household with co-residing elderly member whose household income falls below the poverty line income;
- v. Resource tested social pension, targeting elderly as head of household; and
- vi. Resource tested social pension, targeting elderly as head of household, whose household income falls below the poverty line income.

Three qualifying age for recipients considered were 60 and 65 old given that the average life expectancy for these years are between 74 and 78.3 years old.

c. Measuring poverty incidence

Poverty incidence is measured by the poverty line income (PLI) as commonly used in Malaysia to measure absolute poverty. The PLI used was the average PLI of RM800 per month.

d. Amount of benefits

The three different levels of benefits considered in this analysis are

- i. equivalent to the absolute poverty income that is RM800 per month;
- ii. equivalent to the hard core poverty income that is RM400 per month; and

- iii. equivalent to the current old age assistance provided by the Department of Social Welfare of RM300 per month.

IV. Findings and Discussions

a. Demographic characteristics and poverty status of the elderly

Table 2 provides the general information about the elderly in Malaysia based on the 2009 HIES. There are 7,708 total elderly recorded in the 2009 HIES. Out of this nine percent of them were living below the PLI. 13 percent of households headed by elderly and five (5) percent households with elderly as one of the members of households were poor. The 2009 HIES data also indicated that there were more females elderly as compared to the males and that poverty incidence among the female elderly was higher than the male elderly. A majority of the elderly was still married, but those who were no longer married (widowed, divorced and other marital status) had a higher poverty incidence compared to those who still had a living spouse. A majority of the elderly was living the urban areas, but a higher percentage of the elderly living in the rural were living in below the PLI. Sarawak recorded the highest number of elderly population, followed by Perak, Kedah and Sabah. The least number of elderly was recorded in Wilayah Persekutuan Putrajaya. The three states that had the highest poverty incidence among the elderly were Kedah, Wilayah Persekutuan Kuala Lumpur and Sabah. A big majority of the elderly was co-residing with at least one adult child. The data also indicated that elderly co-residing with at least on adult child recorded the lowest poverty incidence. The highest poverty incidence was recorded for elderly who were living alone followed by elderly living with other elderly and other people who are not related to the elderly. The data also indicated that as age increased, the percentage of elderly decreased but the percentage of poverty incidence increased.

Table 2
Demographic characteristics and poverty status of elderly in Malaysia

| Indicators | Elderly population | | Elderly living in hard core poverty (RM400 per month) | | Elderly living in absolute poverty (RM800 per month) | |
|-----------------------|--------------------|-------|---|------|--|-------|
| | Number | % | Number | % | Number | % |
| Age | | | | | | |
| 60 – 64 | 2,760 | 36.38 | 15 | 0.54 | 140 | 5.07 |
| 65 – 70 | 1,950 | 25.71 | 15 | 0.77 | 154 | 7.90 |
| 71 – 74 | 1,426 | 18.8 | 22 | 1.54 | 146 | 10.24 |
| 75 – 80 | 744 | 9.81 | 24 | 3.23 | 113 | 15.19 |
| 81 – 84 | 419 | 5.52 | 7 | 1.67 | 42 | 10.02 |
| 85 and above | 287 | 3.78 | 13 | 4.53 | 47 | 16.38 |
| Gender | | | | | | |
| Females | 3,940 | 51.94 | 65 | 1.65 | 401 | 10.18 |
| Males | 3,646 | 48.06 | 31 | 0.85 | 241 | 6.61 |
| Marital Status | | | | | | |
| Married | 4,953 | 65.29 | 23 | 0.46 | 310 | 6.26 |
| Others | 2,633 | 34.71 | 73 | 2.77 | 332 | 12.61 |
| Areas | | | | | | |
| Urban | 4,904 | 64.65 | 30 | 0.61 | 248 | 5.06 |
| Rural | 2,682 | 35.35 | 66 | 2.46 | 394 | 14.69 |
| States | | | | | | |

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| | | | | | | |
|--|-------|-------|----|-------|-----|-------|
| Johor | 534 | 7.04 | 5 | 0.94 | 50 | 9.36 |
| Kedah | 666 | 8.78 | 12 | 1.80 | 89 | 13.36 |
| Kelantan | 494 | 6.51 | 2 | 0.40 | 47 | 9.51 |
| Melaka | 366 | 4.82 | 3 | 0.82 | 17 | 4.64 |
| Pahang | 466 | 6.14 | 6 | 1.29 | 34 | 7.30 |
| P. Pinang | 318 | 4.19 | 5 | 1.57 | 15 | 4.72 |
| Perak | 729 | 9.61 | 17 | 2.33 | 61 | 8.37 |
| N. Sembilan | 690 | 9.1 | 10 | 1.45 | 55 | 7.97 |
| WP. Kuala Lumpur | 371 | 4.89 | 2 | 0.54 | 38 | 10.24 |
| Terengganu | 568 | 7.49 | 10 | 1.76 | 50 | 8.80 |
| Selangor | 406 | 5.35 | 4 | 0.99 | 30 | 7.39 |
| Sabah | 631 | 8.32 | 13 | 2.06 | 64 | 10.14 |
| Sarawak | 911 | 12.01 | 7 | 0.77 | 66 | 7.24 |
| Perlis | 335 | 4.42 | 0 | 0.00 | 18 | 5.37 |
| WP. Labuan | 95 | 1.25 | 0 | 0.00 | 8 | 8.42 |
| WP. Putrajaya | 6 | 0.08 | 0 | 0.00 | 0 | 0.00 |
| Living Arrangements | | | | | | |
| Elderly living alone | 457 | 6.02 | 60 | 13.13 | 208 | 45.51 |
| Elderly living with elderly spouse only | 1,082 | 14.26 | 18 | 1.66 | 178 | 16.45 |
| Elderly living with non-elderly spouse only | 290 | 3.82 | 1 | 0.34 | 22 | 7.59 |
| Elderly living with other elderly and others | 112 | 1.48 | 2 | 1.79 | 23 | 20.54 |
| Elderly living with (or without) spouse and at least one adult child | 4,882 | 64.36 | 8 | 0.16 | 138 | 2.83 |
| Elderly living with at least one child | 763 | 10.06 | 7 | 0.92 | 73 | 9.57 |
| Elderly as head of household | 3,549 | 46.78 | 83 | 2.34 | 450 | 12.68 |
| Elderly as member of household | 4,037 | 53.22 | 13 | 0.32 | 192 | 4.76 |

Source: Author's estimates using 2009 HIES

b. Future costs of the proposed social pension schemes

In our estimates, we use the data from the population projections prepared by DOS (2012) for the period between 2010 and 2040. The future cost is estimated for universal pension provided to all elderly. Given the static poverty line income, Lu, He and Piggot (2014) emphasized that government can control the social pension cost (as a proportion of GDP) only by varying the eligibility age. Hence, we have considered two different ages that were 60 and 65 years old. In performing the sensitivity analysis, not only that the age was allowed to vary, but the amounts of benefits received were also allowed to vary. INCLUDE REFERENCE. Table 4 provides the result of the sensitivity analysis.

Table 3
Percentage of elderly in the population, 2010 – 2040

| | 2010 | 2013 | 2015 | 2020 |
|---|-----------|-----------|-----------|-----------|
| Total Population (million) | 28.6 | 29.7 | 30.5 | 32.4 |
| Elderly (million) | 2.2 | 2.5 | 2.7 | 3.4 |
| Percentage of elderly to total population | 7.9 | 8.6 | 9.1 | 10.6 |
| GDP (million) | 797,327 | 987,675 | 1,109,752 | 1,485,098 |
| Per Capita GDP | 27,889.68 | 33,238.60 | 36,402.96 | 45,778.15 |

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| | | | | | |
|-----|-------------------|-----|-----|-----|------|
| 60+ | Numbers (million) | 2.2 | 2.5 | 2.7 | 3.4 |
| | Percentage | 7.9 | 8.6 | 9.1 | 10.6 |
| 65+ | Numbers(million) | 1.4 | 1.6 | 1.8 | 2.2 |
| | Percentage | 5.0 | 5.5 | 5.8 | 6.8 |

Source: Department of Statistics (2012)

In determining the possible combinations of age and benefits, we kept the cost of pension as percentage of GDP to be around 1.30 percent, similar to the current average cost of pension and gratuities as a percentage of GDP (Figure 4). If eligibility age was set at 60 years old, two benefits level were chosen. The first was a RM400 fixed benefits and the other was RM300 benefit that increased with percentage of GDP beginning of the year 2013. The highest recorded cost as a percentage of GDP was 1.36 percent in 2010 for the latter and 1.37 percent in 2020 for the former. If the eligibility age was set to 65 years old, the benefits level chosen were RM800 fixed benefit and RM400 benefit that increased with percentage of GDP beginning of the year 2010. Although the RM800 fixed benefit provided a higher percentage than the average of 1.30 initially, but as year progressed the cost decreased to 1.31 in 2020. Nevertheless, for the RM400 flexible benefit, the cost as percentage of GDP increased every year with highest recorded of 1.17 percent in 2020. Figure 3 shows the future costs of the social pension as a result of the sensitivity analysis.

Table 4

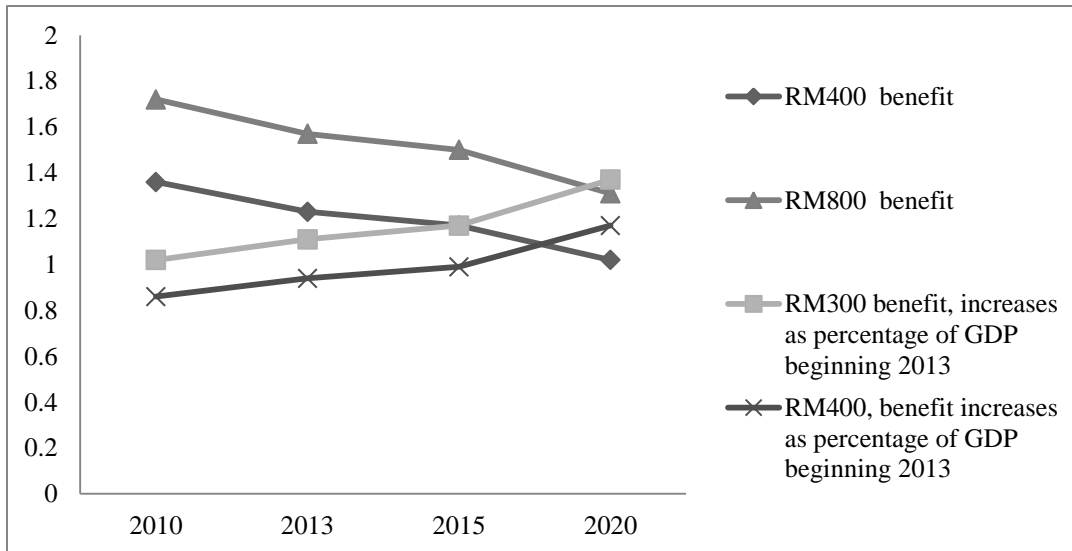
Sensitivity analysis of social pension cost as a percentage of GDP

| | Eligibility age = 60 years old | | | | | | Eligibility age = 65 years old | | | | | |
|------------------|--------------------------------|-------------|------|---|------|------|--------------------------------|------|-------------|---|-------------|------|
| | Fixed benefit | | | Benefit increased with percentage of GDP beginning 2013 | | | Fixed benefit | | | Benefit increased with percentage of GDP beginning 2013 | | |
| Initial benefits | 300 | 400 | 800 | 300 | 400 | 800 | 300 | 400 | 800 | 300 | 400 | 800 |
| 2010 | 1.02 | 1.36 | 2.72 | 1.02 | 1.36 | 2.72 | 0.65 | 0.86 | 1.72 | 0.65 | 0.86 | 1.72 |
| 2013 | 0.93 | 1.23 | 2.47 | 1.11 | 1.47 | 2.95 | 0.59 | 0.79 | 1.57 | 0.71 | 0.94 | 1.89 |
| 2015 | 0.88 | 1.17 | 2.34 | 1.17 | 1.56 | 3.12 | 0.56 | 0.75 | 1.50 | 0.75 | 0.99 | 1.99 |
| 2020 | 0.76 | 1.02 | 2.04 | 1.37 | 1.82 | 3.64 | 0.49 | 0.66 | 1.31 | 0.88 | 1.17 | 2.34 |

Source: Authors' estimates

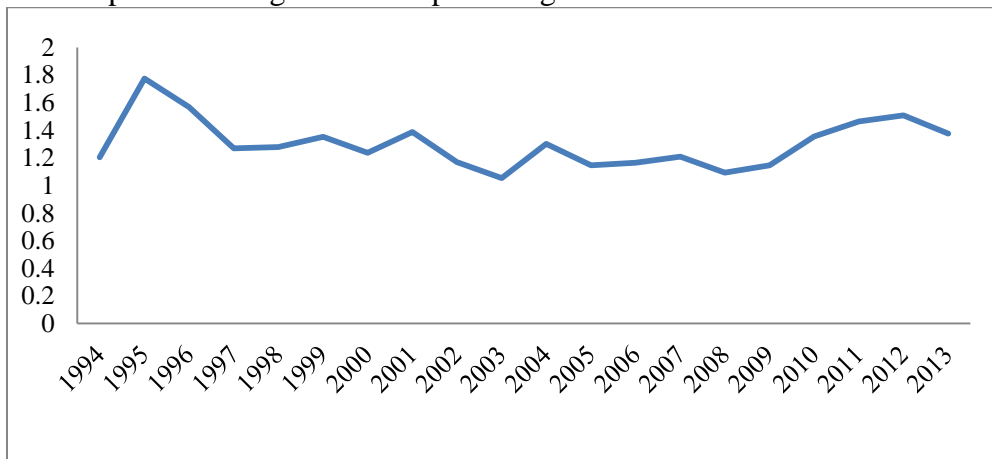
Figure 3

Future costs of proposed social pension



Source: Authors estimation

Figure 4
Cost of pension and gratuities as percentage of GDP



Source: Ministry of Finance, various years

c. Impacts of the proposed proposed pension schemes on poverty

The impact of the proposed universal pension schemes on poverty was estimated based on the 2009 HIES data. Table 4 provides the estimates based on the three categories outlined in the methodology section and the qualifying age to receive benefits was set to either 60 or 65 years old. Six eligibility criteria as discussed earlier in the methodology were used to estimate the impacts of the proposed universal pension schemes on poverty.

As expected, the highest cost incurred happened if the social pension schemes were given to all elderly irrespective of income either at age 60 or at age 65 years old. If the social pension only targeted poor elderly, receiving income less than the PLI, the pension cost as a percentage of GDP varied between 0.18 and 0.62 percent. If benefits equal RM800 per month, this would eradicate poverty among the elderly with cost of pension amounted to only 0.62 percent of GDP. Nevertheless, if the benefits were only given to those aged 65 years old, the cost reduced to 0.48 and poverty incidence still exist at 1.84 percent, a drop of 6.6 percent. If the social pension was targeting household with co-residing elderly, pension cost as a

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percentage of GDP varied between the lowest 0.15 to the highest 5.42 percent. If the social pension targeted only poor households with co-residing elderly, there would be 501 households with co-residing elderly aged 60 years and above and 412 households with co-residing elderly aged 65 years and above. If benefits given equal to halve the PLI, poverty incidence reduced from 8.90 to 1.51 percent for households with co-residing elderly aged 60 years and 2.97 percent for households with co-residing elderly aged 65 years and above. Pension cost associated with this would be 0.20 for the latter and 0.24 for the former. As expected, the cost would increase should the amount of benefits increased to RM800. Targeting households headed by elderly covered the least number of beneficiaries. Even if a full amount of benefits of RM800 was given, the pension cost only stood up between the lowest 0.13 and highest 3.42 percent. Nevertheless, this scheme would not eliminate poverty as poverty incidence would still be 0.91 and 2.58 percent for elderly aged 60 years and 65 years old respectively.

Hence, it could be concluded that to minimize cost, the social pension has to be targeted. The result indicated that means tested based on income would be a good mechanism to limit the recipients of the social pension. In fact, even if all elderly aged 60 years and above who were living below the PLI were provided RM800 per month the cost as a percentage to the GDP would only be 0.62 percent.

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Table 4
Estimated impacts of the proposed social pension schemes

| Category | Conditions | | Total Recipients | Elderly Poverty Incidence (%) | | | | Change in Poverty Incidence (%) | | | Pension Cost as a Percentage of Income | | |
|---|-----------------|---------------|------------------|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------------|---------------------------|---------------------------|--|---------------------------|---------------------------|
| | Eligibility Age | Income | | Without Social Pension | With RM300 Social Pension | With RM400 Social Pension | With RM800 Social Pension | With RM300 Social Pension | With RM400 Social Pension | With RM800 Social Pension | With RM300 Social Pension | With RM400 Social Pension | With RM800 Social Pension |
| All Elderly | 60 | All Income | 7,586 | 8.46 | 2.61 | 1.27 | 0.00 | -5.85 | -7.19 | -8.46 | 2.74 | 3.65 | 7.31 |
| | 65 | All Income | 4,826 | 8.46 | 3.98 | 2.91 | 1.84 | -4.48 | -5.55 | -6.62 | 1.74 | 2.32 | 4.65 |
| | 60 | RM800 & below | 642 | 8.46 | 2.61 | 1.27 | 0.00 | -5.85 | -7.19 | -8.46 | 0.23 | 0.31 | 0.62 |
| | 65 | RM800 & below | 502 | 8.46 | 3.98 | 2.91 | 1.84 | -4.48 | -5.55 | -6.62 | 0.18 | 0.24 | 0.48 |
| Household with co-residing elderly member | 60 | All Income | 5,624 | 8.90 | 2.97 | 1.51 | 0.00 | -5.93 | -7.39 | -8.90 | 2.03 | 2.71 | 5.42 |
| | 65 | All Income | 3,840 | 8.90 | 4.20 | 2.97 | 1.67 | -4.70 | -5.93 | -7.23 | 1.39 | 1.85 | 3.70 |
| | 60 | RM800 & below | 501 | 8.90 | 2.97 | 1.51 | 0.00 | -5.93 | -7.39 | -8.90 | 0.18 | 0.24 | 0.48 |
| | 65 | RM800 & below | 412 | 8.90 | 4.20 | 2.97 | 1.67 | -4.70 | -5.93 | -7.23 | 0.15 | 0.20 | 0.40 |
| Household headed by elderly | 60 | All Income | 3,549 | 8.00 | 3.72 | 2.38 | 0.91 | -5.93 | -7.39 | -8.90 | 1.28 | 1.71 | 3.42 |
| | 65 | All Income | 2,131 | 8.00 | 4.94 | 3.84 | 2.58 | -4.70 | -5.93 | -7.23 | 0.77 | 1.03 | 2.06 |
| | 60 | RM800 & below | 450 | 8.00 | 3.72 | 2.38 | 0.91 | -5.93 | -7.39 | -8.90 | 0.16 | 0.22 | 0.43 |
| | 65 | RM800 & below | 371 | 8.00 | 4.94 | 3.84 | 2.58 | -4.70 | -5.93 | -7.23 | 0.13 | 0.18 | 0.36 |

Source: Authors estimates based on 2009 HIES data

V. Conclusions and Policy Implications

Although cost had been normally cited as an obstacle in providing social pension, some forms of social pension could be still implemented, while keeping the cost at a minimum.

VI. Acknowledgement

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