

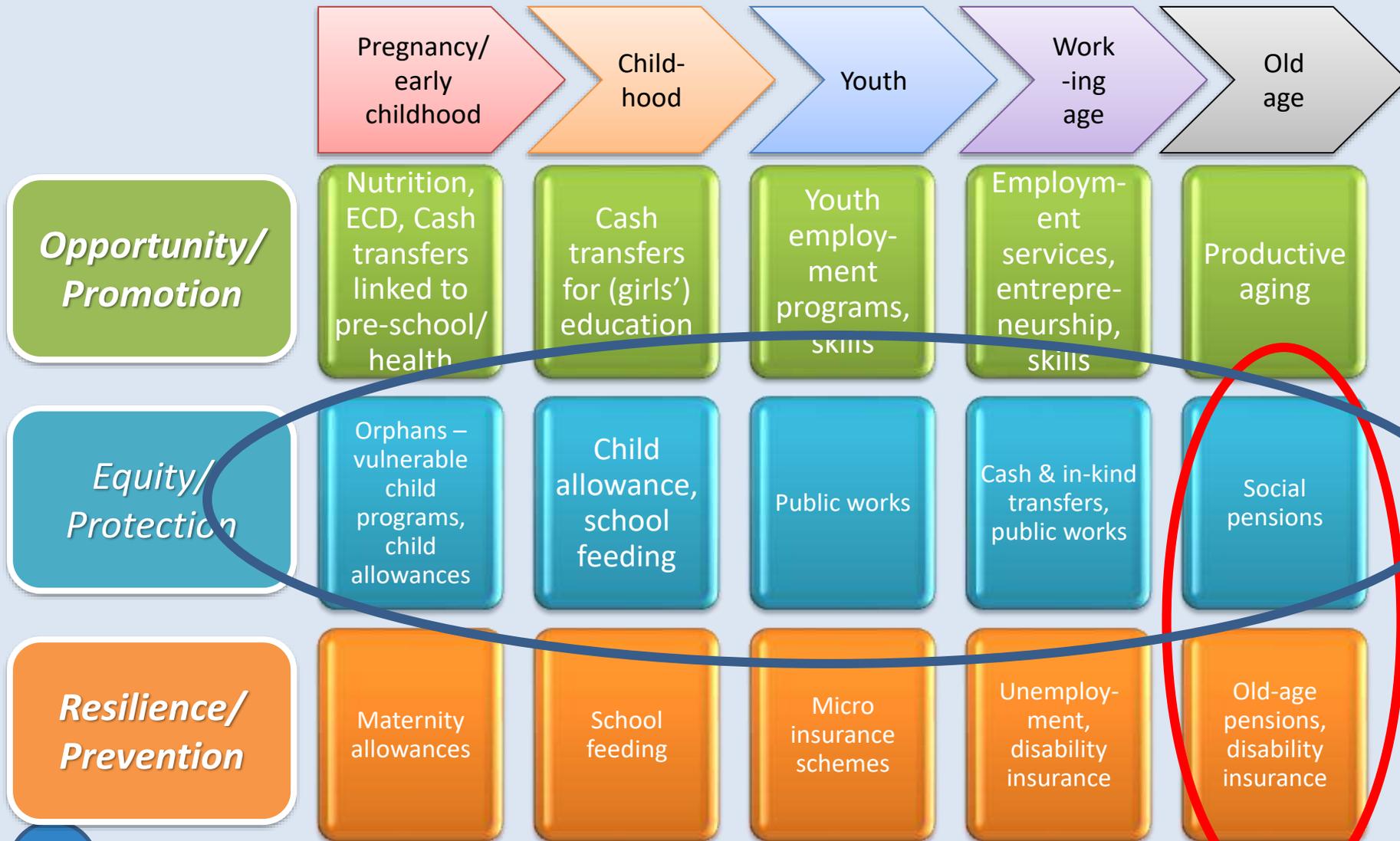
Social Pensions from a Social Assistance Perspective



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Social Protection Systems

balance three goals across the life cycle



**GOOD SOCIAL ASSISTANCE POLICY
STARTS WITH POVERTY DIAGNOSTICS**

The elderly are not the only people who deserve support



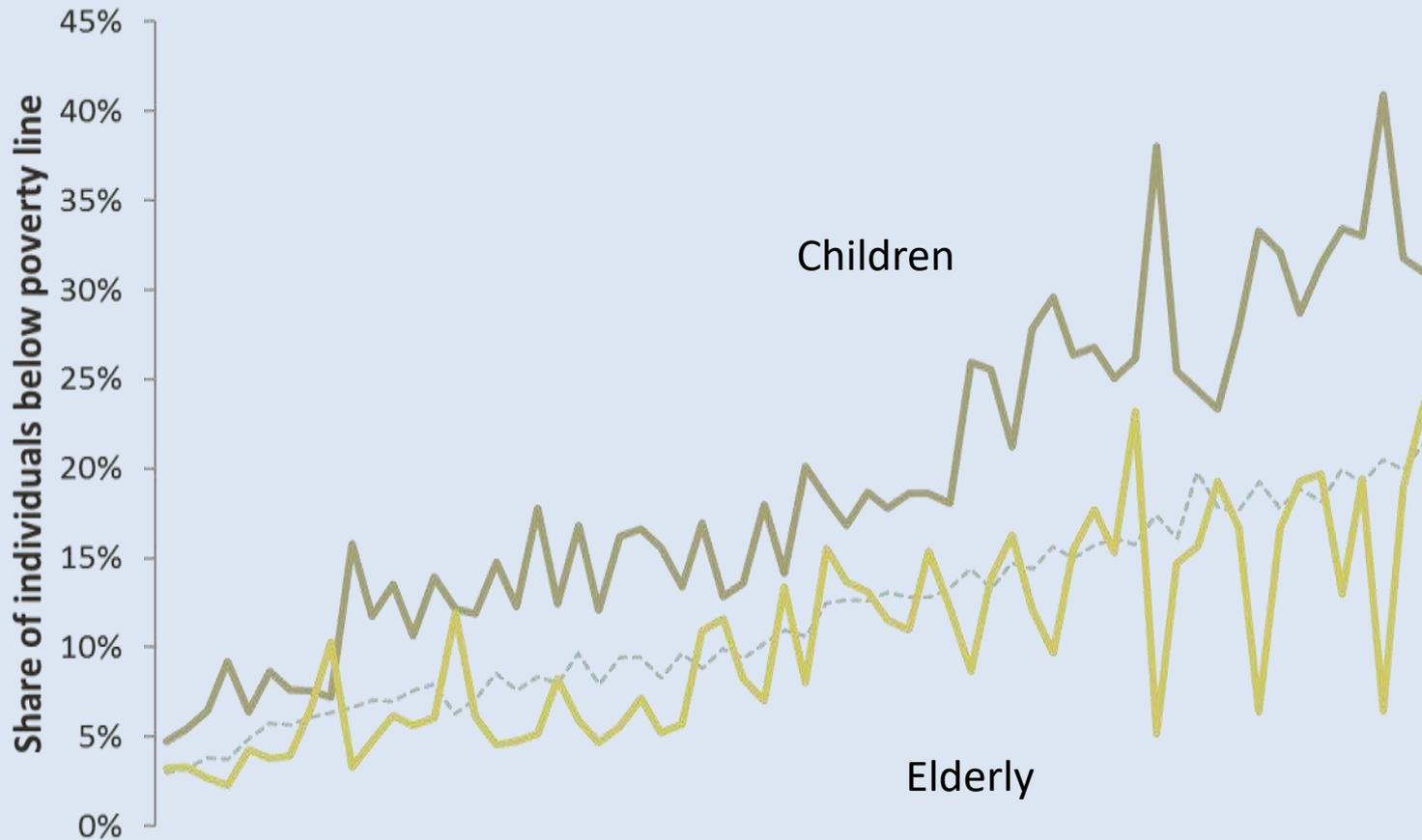
The Elderly are Not all Poor



- In fact, many studies show that in most countries they are not poorer than average, and even in countries where elderly are poorer than average, it isn't by much

(Eg. Cotlear and Tornarolli 2009 for LAC, Kakwani and Subbarao 2005 for Africa, Braithwaite, Grootaert and Milanovic 1999 for ECA; Evans and Palacios 2015, global).

And the elderly are not poorer than others



Based on household survey data for 62 countries

Options for Support to Elderly not Covered by Contributory Pensions

0. [Expand contributory pensions to reduce the problem – more or less exhausted]

1. Inclusion in general poverty targeted social assistance

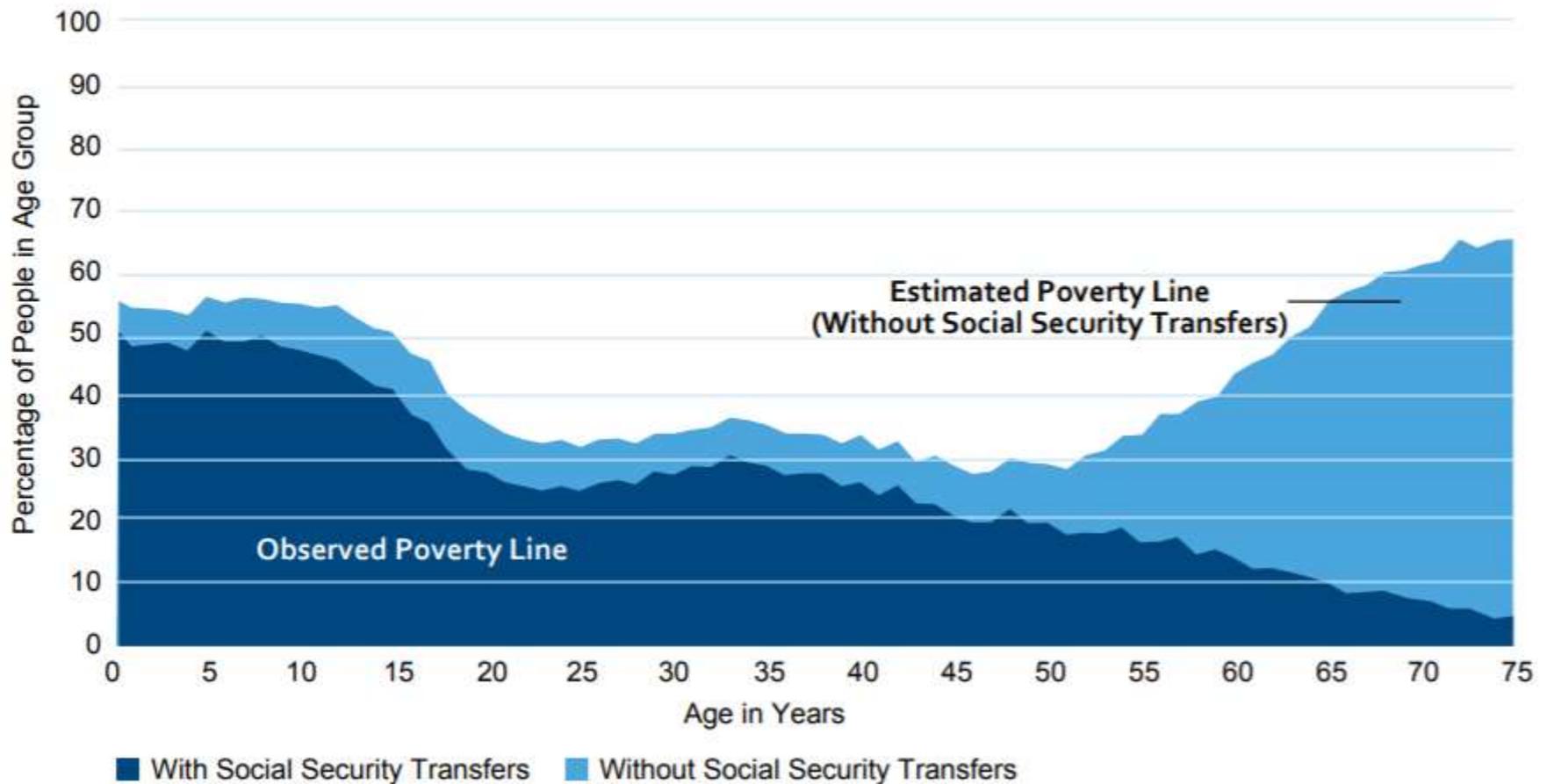
2. Have separate social pensions
 - 2a. Poverty Targeted
 - 2b. Universal

There are Advantages to Protecting the Elderly within family Social Assistance

- Avoids age-related horizontal inequities
- Minimizes administrative costs, avoids duplication of functions
- Potential synergies
 - in helping with links to enrollment in social health insurance, or
 - encouragement via CCTs of use of health care that would be helpful in managing chronic conditions such as diabetes or cardiac risk
 - Links to activation measures
- Allows Social Security administration to stay service-oriented rather than become gatekeepers

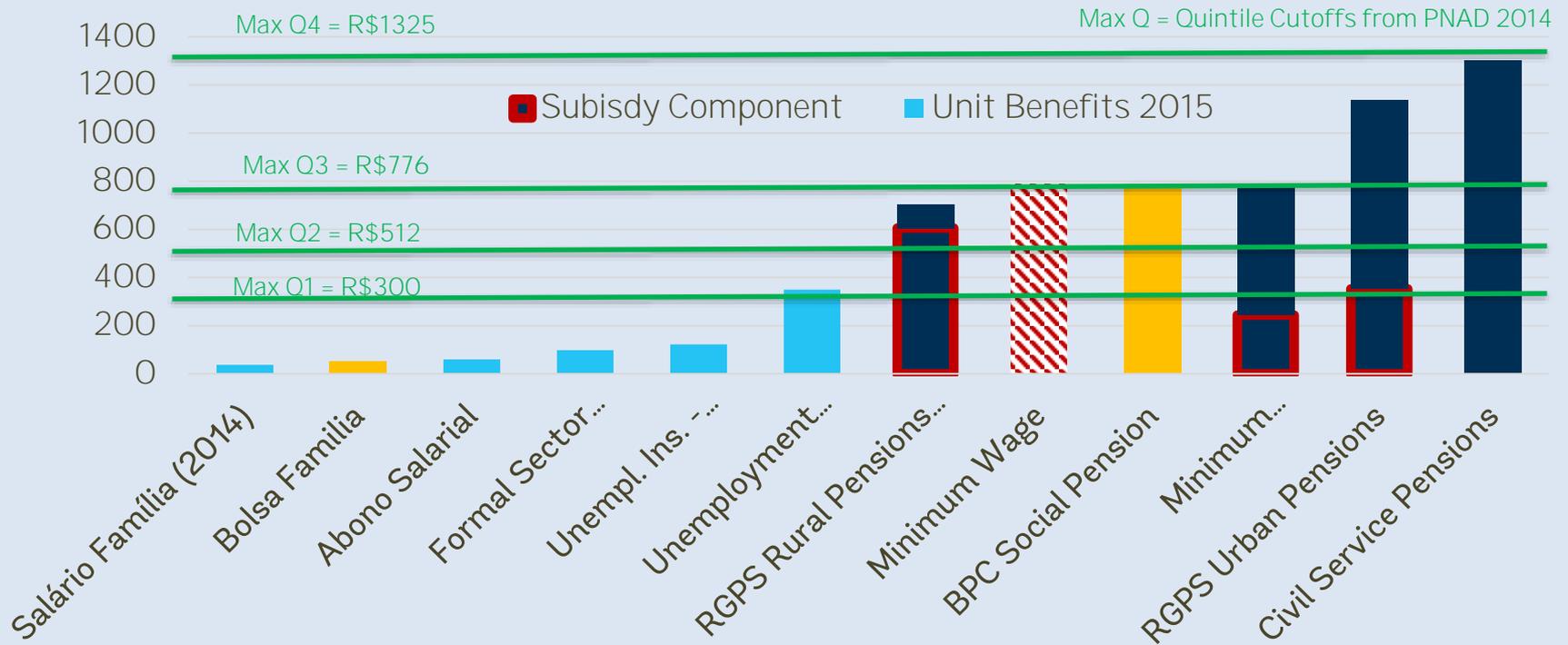
Example of age-related inequalities in social protection: Brazil

Figure 4: Impact of Social Security Transfers in Brazil, across Age Groups¹⁹

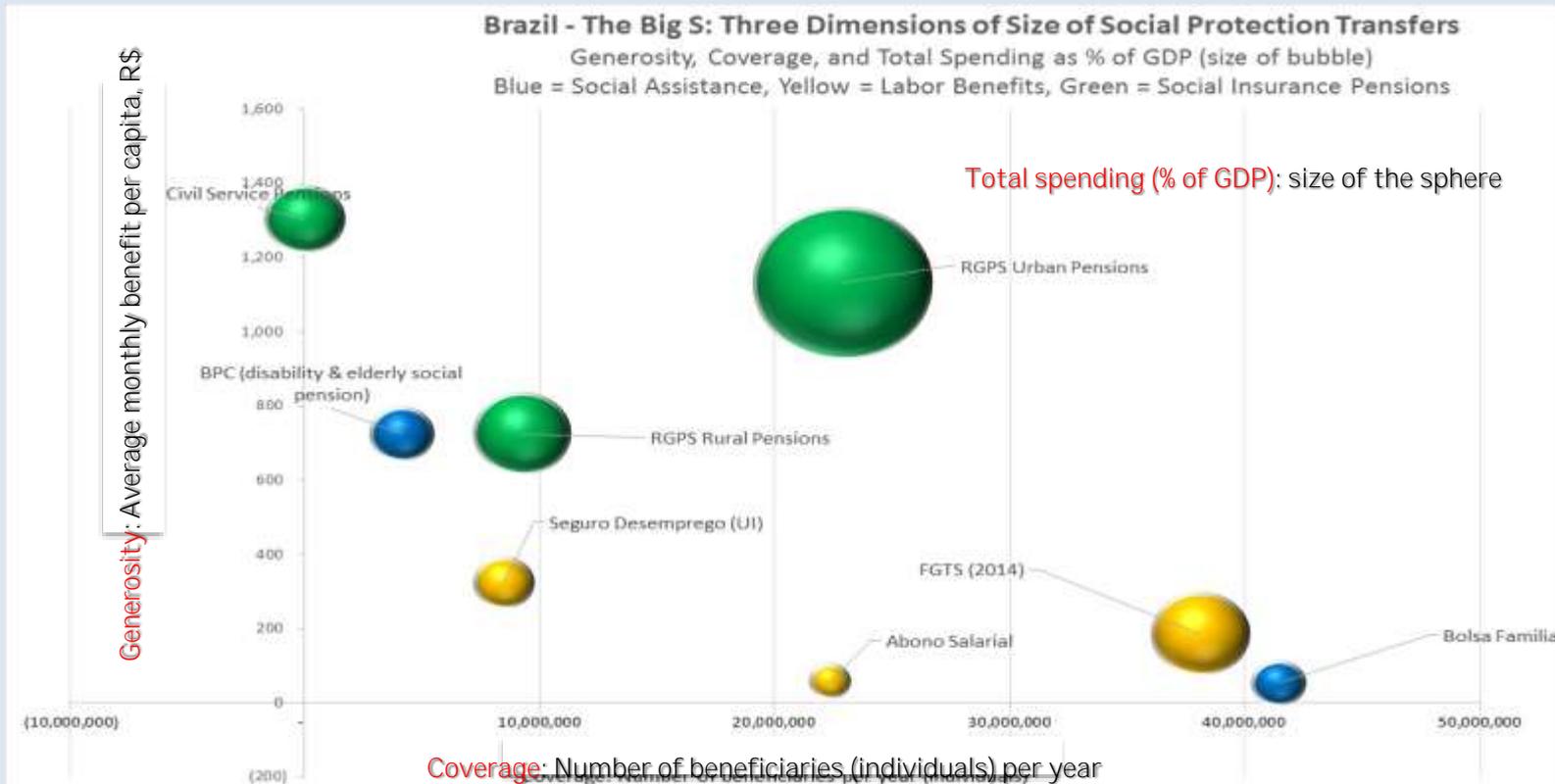


Brazil's social contract favors the elderly over children and younger working people, with adverse incentive effects

Comparing Unit Benefits across Types of Programs



Example of age-related inequalities in social protection: Brazil



Source: Staff estimates using published program administrative data Brazil BOOST database using Federal-level, based on data from SIOP (*Sistema Integrado de Planejamento e Orçamento*)

IF serving elderly within general Social Assistance

Some possible issues:

- Some adjustments to social assistance programs may be helpful:
 - to eligibility formulae: -- asset disregards, allowance for higher medical expenses, etc;
 - to benefit formulae: -- to provide higher income if no other adult earners in household, economies of scale if living in small households, etc.
- Overlaps or adjustments for families that might be in both

Possible reasons for separate social pensions and social assistance programs

- Political support for social assistance is often less than political support for pensions; and politicians may get rewarded for new or multiple programs;
- Differences in perception and stigma
- Receipt of family-based social assistance won't empower the elderly within the household the way receipt of an individual-specific pension might;

Conclusions

- Social pensions have to fit well into a complex social protection space – on both the pensions and social assistance sides.
- There are multiple answers as to how to provide income support to the elderly poor, each with pros and cons.
- Consider fully.