

Income Security in Old Age and Patterns of Income: Vietnam Case Study

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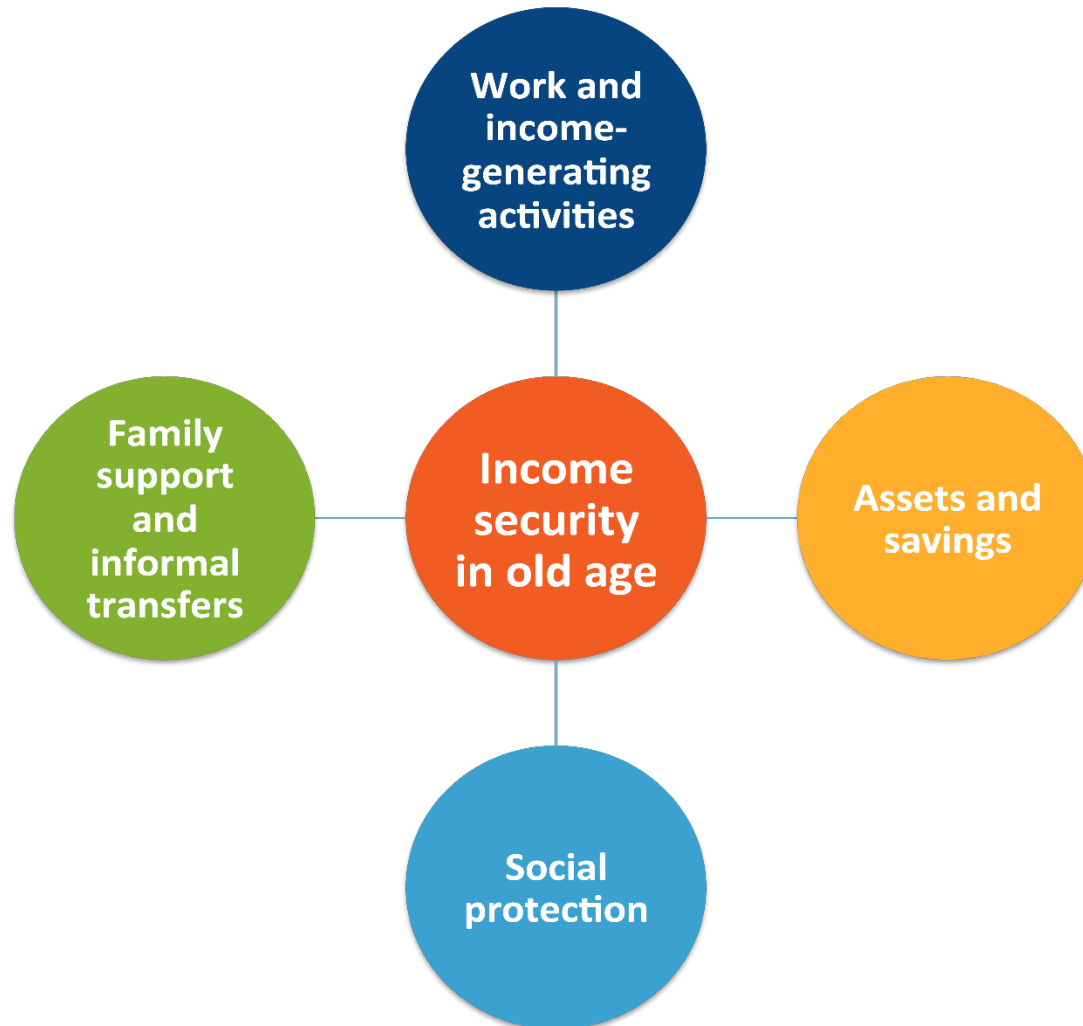
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1. Sources of Income for Older People
2. Key Policy Issues
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1. SOURCES OF INCOME FOR OLDER PEOPLE

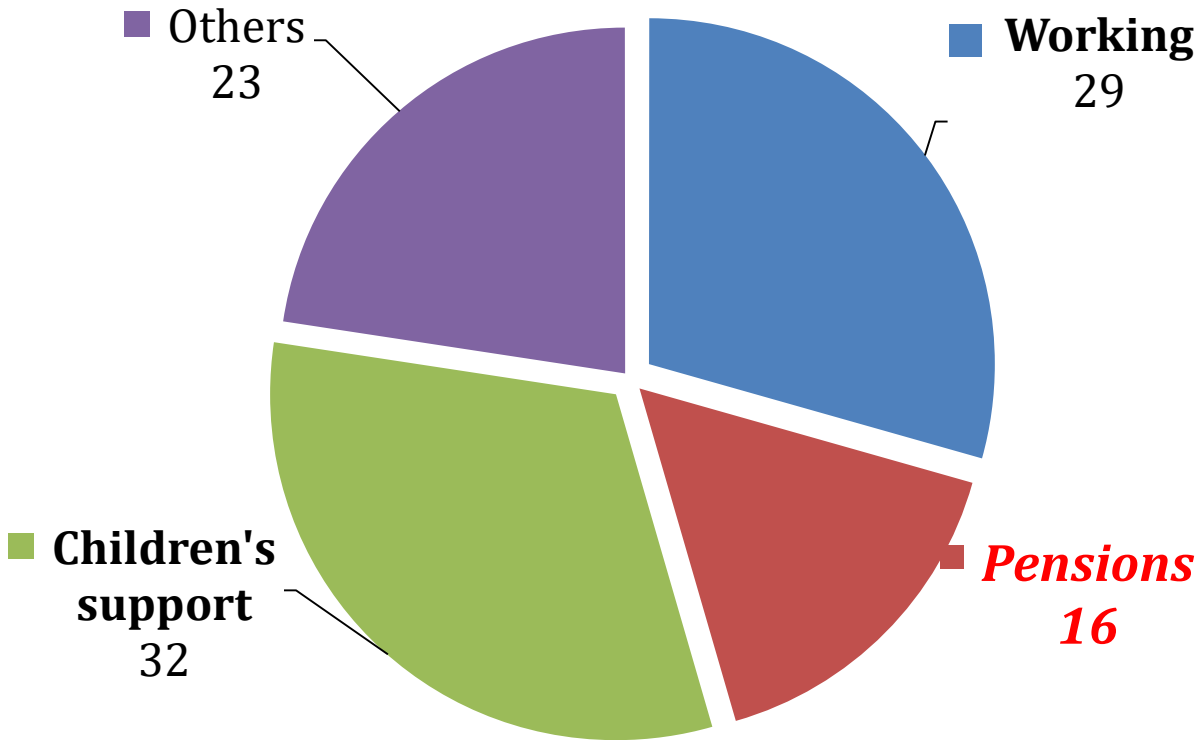
Figure 1: Sources of income for older people – conceptual framework



Source: HAI & UNFPA (2016)

1. SOURCES OF INCOME FOR OLDER PEOPLE

Figure 2: Income sources for Vietnamese older people



- Older people rely mainly on income from their own working and from their children.
- Pensions and other social welfare benefits account for a small proportion

Source: Vietnam Aging Survey (VNAS) 2011

1. SOURCES OF INCOME FOR OLDER PEOPLE

Table 1: Differences between males-females, urban-rural OP in *working*

Characteristics	Male	Female	M-F Diff	Urban	Rural	U-R Diff
Age						
60-69	65.97	54.27	11.7***	38.42	69.44	-31.02
70-79	35.06	28.15	6.91	21.79	35.04	-13.25
80 and over	9.48	11.2	-1.72***	7.9	11.66	-3.76
Education attainment						
Lower secondary and less	45.93	38.04	7.89*	27.65	45.75	-18.1*
Above lower secondary	39.83	21.86	17.97*	25.67	45.85	-20.18*
Self-rated health status						
Poor	39.28	31.81	7.47*	21.16	39.75	-18.59*
Good	51.97	46.99	4.98*	34.48	59.01	-24.53*
Household poverty status						
Poor	34.58	47.6	13.02*	41.64	43.10	-1.46*
Non-poor	45.89	34.21	11.68*	26.06	46.46	-20.4*

*Note: *, **, *** show statistically significant numbers at 10, 5, and 1 percent level, respectively*

Source: Own calculations, using Vietnam Aging Survey (VNAS) 2011

1. SOURCES OF INCOME FOR OLDER PEOPLE

Table 2: older people having *vulnerable work*

	Males	Females	Total
Area			
Urban	85.96	90.45	87.96
Rural	96.32	98.63	97.47
Age group			
60-64	90.03	97.09	93.79
65-69	95.17	95.76	95.35
70-74	99.66	97.75	98.66
75-79	97.68	99.03	98.32
80-84	96.23	93.73	94.61
85-89	94.11	100.00	98.45
90+	0.00	0.00	0.00

- Most working older people were working with vulnerable work.
- In general, for all age groups and sex, females had higher rates of vulnerable work than did males

Note: 'Vulnerable work' includes own account or unpaid family workers

Source: Own calculations, using Vietnam Aging Survey (VNAS) 2011

1. SOURCES OF INCOME FOR OLDER PEOPLE

*Table 3: older people having income from **working***

	Males	Females	Total
Area			
Urban	32.80	18.78	24.79
Rural	51.28	37.62	43.51
Age group			
60-64	69.45	57.36	62.49
65-69	61.53	39.93	52.66
70-74	35.62	23.94	28.56
75-79	29.88	21.62	25.43
80-84	9.98	9.72	9.81
85-89	0.97	1.36	1.21
90+	0.00	0.00	0.00

- Income from working was different in terms of living area, sex and age groups.
- Rural, females and younger people had higher rates of income from work than did their counterparts

Source: Own calculations, using Vietnam Aging Survey (VNAS) 2011

1. SOURCES OF INCOME FOR OLDER PEOPLE

*Table 4: % older people having income from **private transfers***

	Domestic remittances	International remittances	Intra-household support (cash or in-kind)	Transfers from charities, NGO, etc.	Total (any)
Urban	37.45	6.58	3.49	7.75	46.52
Rural	43.02	3.03	3.17	9.21	51.45

- In general, rural older people had higher rate of income from private transfers than did urban people.
- Rural people had higher rate of receiving domestic remittances than did urban people, while it was contrast for the international remittances

Source: Own calculations, using Vietnam Aging Survey (VNAS) 2011

1. SOURCES OF INCOME FOR OLDER PEOPLE

Table 5: older people having income from *assets and/or capital returns*

	<i>Capital</i>	<i>Assets</i>	<i>Total (any)</i>
Area			
Urban	18.47	1.94	20.25
Rural	5.79	0.48	6.19
Age group			
60-64	10.18	1.25	11.26
65-69	10.18	0.72	10.90
70-74	10.86	0.56	11.43
75-79	10.60	0.24	10.84
80-84	6.99	1.43	7.99
85-89	3.62	1.89	5.50
90+	5.45	0.00	5.45

- Few older people had capital or assets.
- Rural people had much lower rate of having income from capital or assets than did urban counterparts.
- Rate of having income from capital or assets decreased along with higher ages

(1) *Income from capital refers to interest, dividends, profit, etc.*

(2) *Income from assets refers to income derived renting out property, land, or other assets.*

Source: Own calculations, using Vietnam Household Living Standard Survey (VHLSS) 2011

1. SOURCES OF INCOME FOR OLDER PEOPLE

Table 6: % older people having income from *pensions*

	Men			Women			Total		
	<i>CP</i>	<i>NCP</i>	<i>Total (any)</i>	<i>CP</i>	<i>NCP</i>	<i>Total (any)</i>	<i>CP</i>	<i>NCP</i>	<i>Total (any)</i>
Area									
Urban	26.21	22.45	45.81	17.97	26.93	44.20	21.49	25.01	44.89
Rural	11.80	33.47	43.72	6.24	35.20	41.17	8.64	34.45	42.27
Age group									
60-64	10.61	16.93	26.87	9.99	11.03	20.60	10.86	13.54	23.26
65-69	17.91	13.97	31.72	13.71	13.86	27.34	16.18	13.92	29.92
70-74	25.13	20.64	41.20	15.53	18.56	34.07	19.29	19.37	36.89
75-79	19.44	23.81	43.15	8.59	15.90	24.49	13.60	19.55	33.10
80-84	15.04	76.46	86.93	4.81	78.78	82.97	8.35	77.97	84.34
85-89	5.59	92.03	97.44	1.89	96.51	96.94	3.31	94.78	97.13
90+	59.90	66.72	93.91	7.86	84.54	92.40	22.90	79.39	92.83

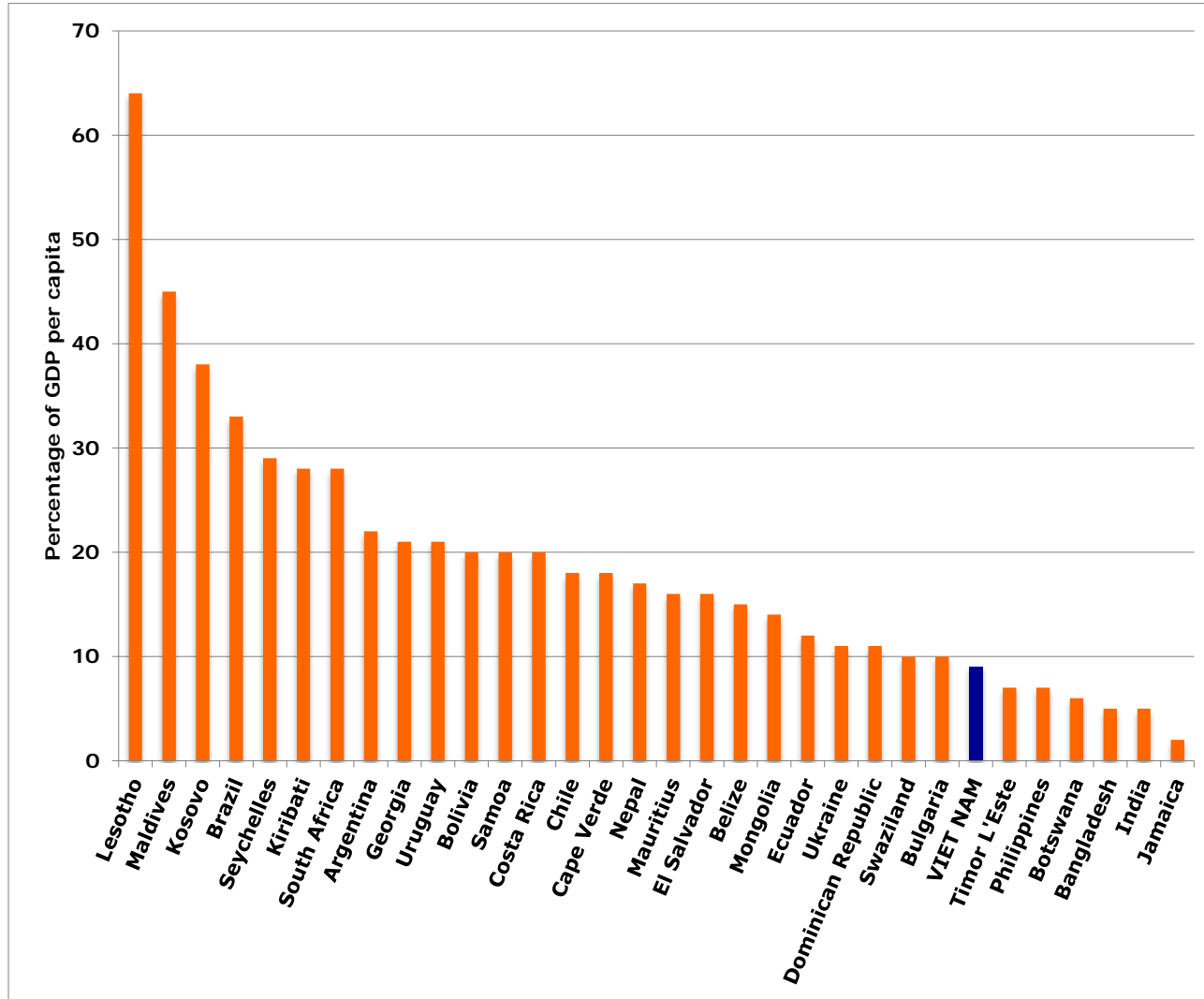
Source: Own calculations, using Vietnam Aging Survey (VNAS) 2011

2. KEY POLICY ISSUES

- ***A mixed picture of employment in old age***
 - Levels of work reduce with age. Heavily dependent on health status, given any age, sex. Highly attached to vulnerable work.
- ***Older people are part of complex web of family transfers***
 - Income from children is common, but often inadequate. Domestic remittances sent to older people are more important, but greatly dependent on economic situation.
- ***Major gaps in coverage and adequacy of social protection***
 - Limits of earnings-related/contributory pensions
 - Social pensions helping to fill the gap, but adequacy is particularly low
- ***Expanding adequacy and coverage of social pensions can be done affordably and sustainably***
 - Need to address sustainability issues of earnings-related pensions

2. KEY POLICY ISSUES

Figure 3. Social pension benefit level in Vietnam compared to other countries



- Compared to many other middle-income countries, Vietnam has quite low benefit for social pension (as a percent of GDP per capita)

Source: Kidd et al. (2015)

2. KEY POLICY ISSUES

Figure 4. Benefit levels over time



- Purchasing power of pension benefit reduced over time

Source: Kidd et al. (2015)

2. KEY POLICY ISSUES

Table 7: Poverty and vulnerable to poverty of older people

Characteristics	2002		2006		2010		2014	
	Poverty	Near Poverty	Poverty	Near Poverty	Poverty	Near Poverty	Poverty	Near Poverty
Total	25.44	41.39	13.61	24.01	30.59	46.59	11.71	21.15
Age group								
69-69	23.32	39.01	13.12	23.20	25.51	41.24	10.12	18.95
70-79	27.08	43.70	13.58	24.11	33.32	50.29	12.70	22.88
80+	29.28	44.49	14.33	25.03	36.29	53.86	14.58	24.64
Area of living								
Urban	6.21	12.47	3.30	6.34	14.38	25.18	3.79	7.74
Rural	31.24	50.10	17.65	30.93	38.07	56.48	15.81	28.09
Ethnicity of household head								
Kinh (majority)	21.44	37.58	8.95	18.35	26.25	42.89	8.23	17.07
Ethnic minority	59.12	73.39	46.50	64.00	63.57	74.73	45.15	60.42

Source: Own calculations, using Vietnam Household Living Standard Survey (VHLSS) 2002-14

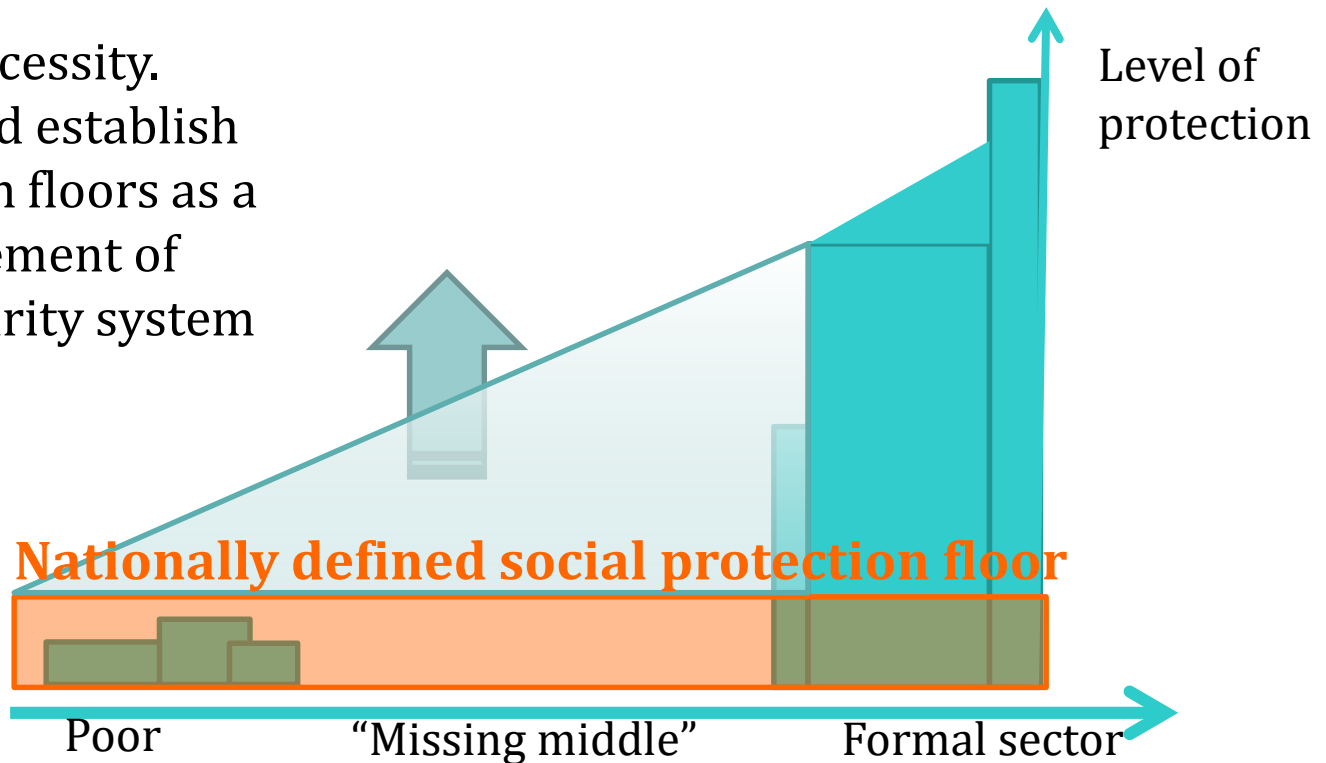
- For any measures of poverty, older, rural and ethnic minority elderly always had higher rates of living in poor households than did their counterparts.
- Many elderly are living on the edge of poverty.

2. KEY POLICY ISSUES

Key message: Social protection to guarantee for all

- All residents should enjoy at least a minimum level of social security.
- An economic necessity.
- Countries should establish social protection floors as a fundamental element of their social security system

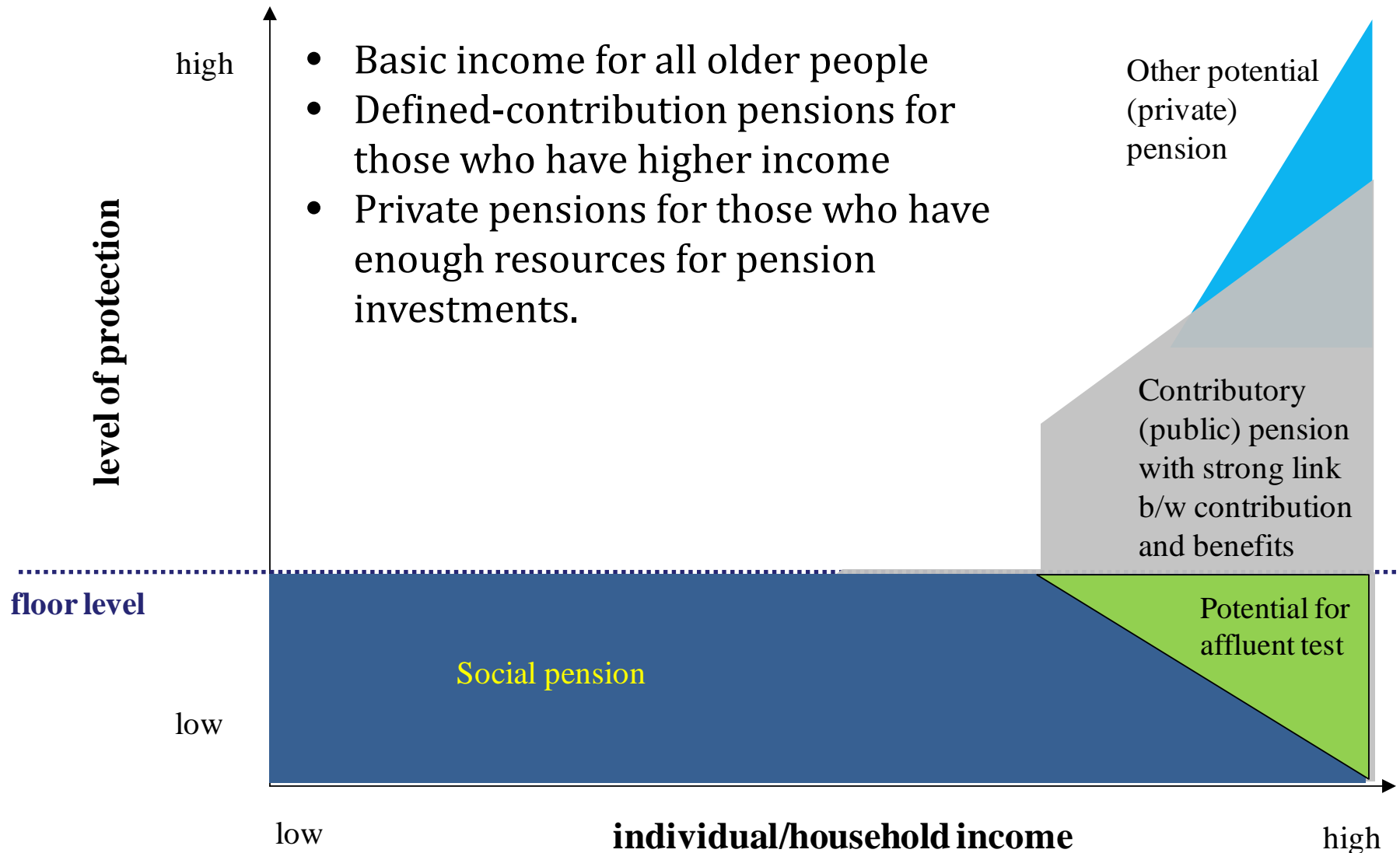
Figure 5: Social protection floor to provide basic income for older people



Source: ILO (2017), "SPF and international experiences", Hanoi

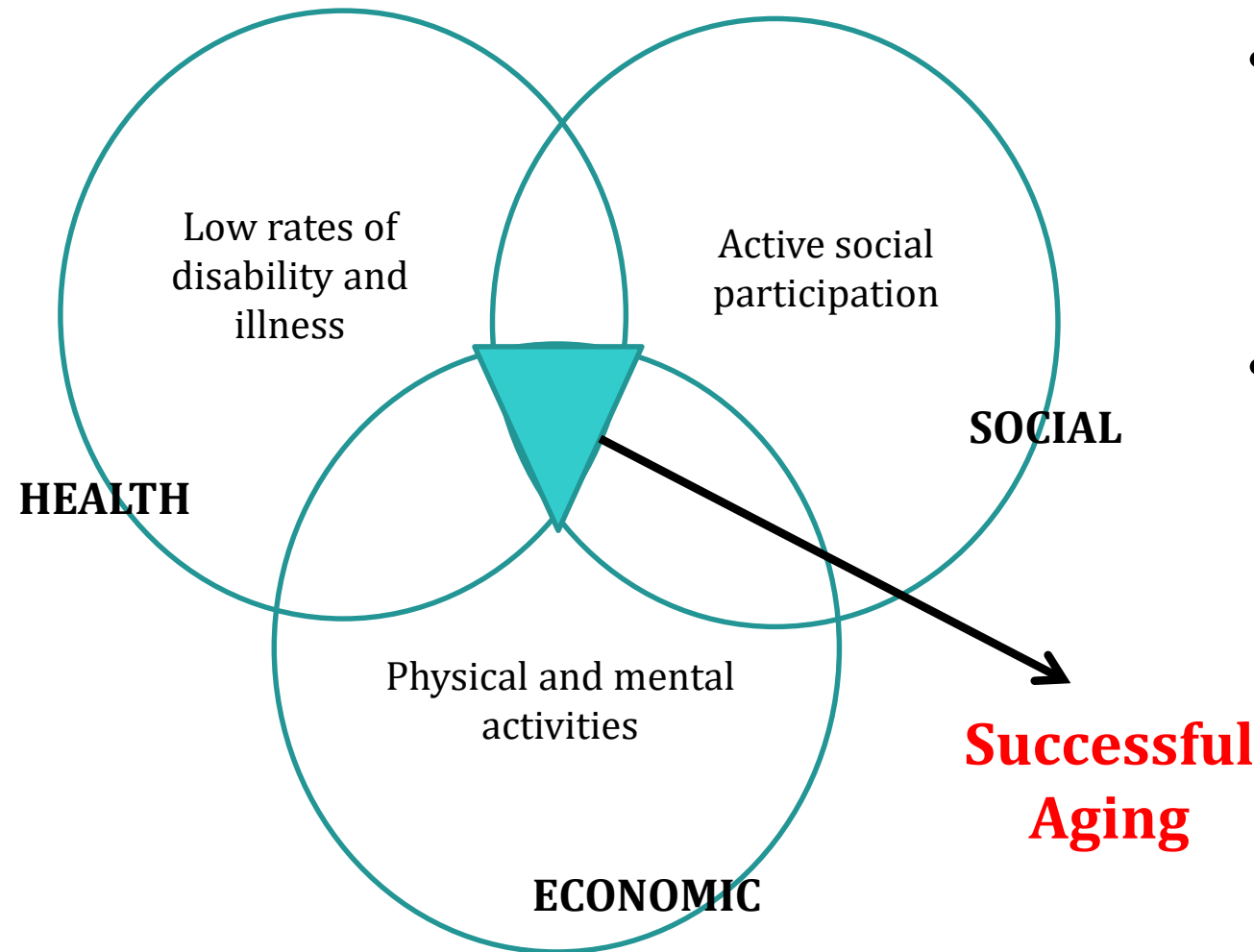
2. KEY POLICY ISSUES

Figure 6: SPF-based pension reform option for Vietnam



3. CONCLUDING REMARKS

Figure 13. Components of Successful Aging



- Income security is only a necessary condition, NOT a sufficient condition for a successful aging.
- Though, income security is an important tool to promote health protection (via increasing accessibility and affordability) and social participation (self-reliance, dignity, and respect) for older people.

Source: Adapted from Rowe and Kahn (1998)

THANK YOU FOR YOUR ATTENTION !



Photo: Courtesy from GIZ Vietnam