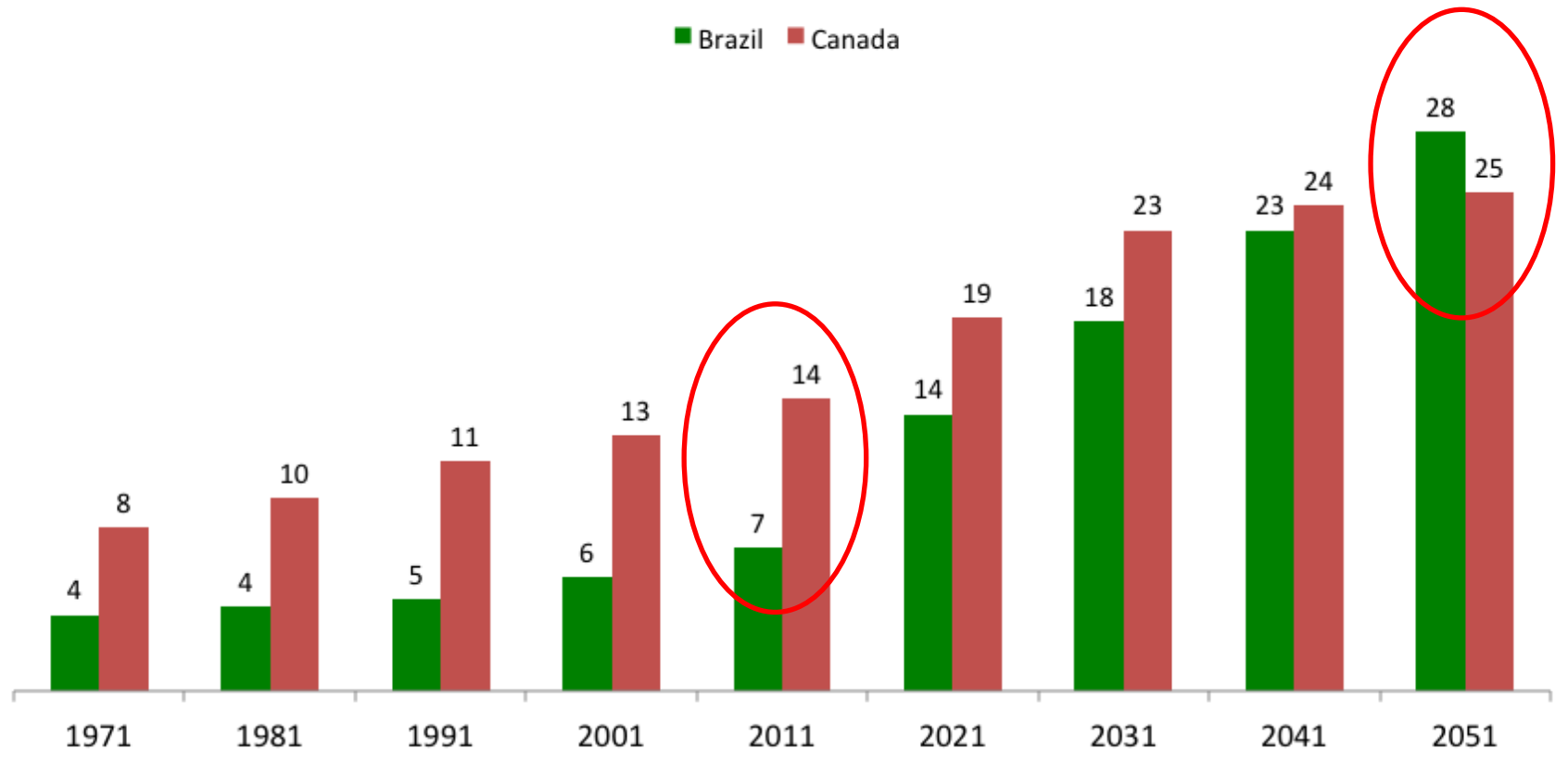


# Financial wellbeing in old age – How do older Brazilians fare?

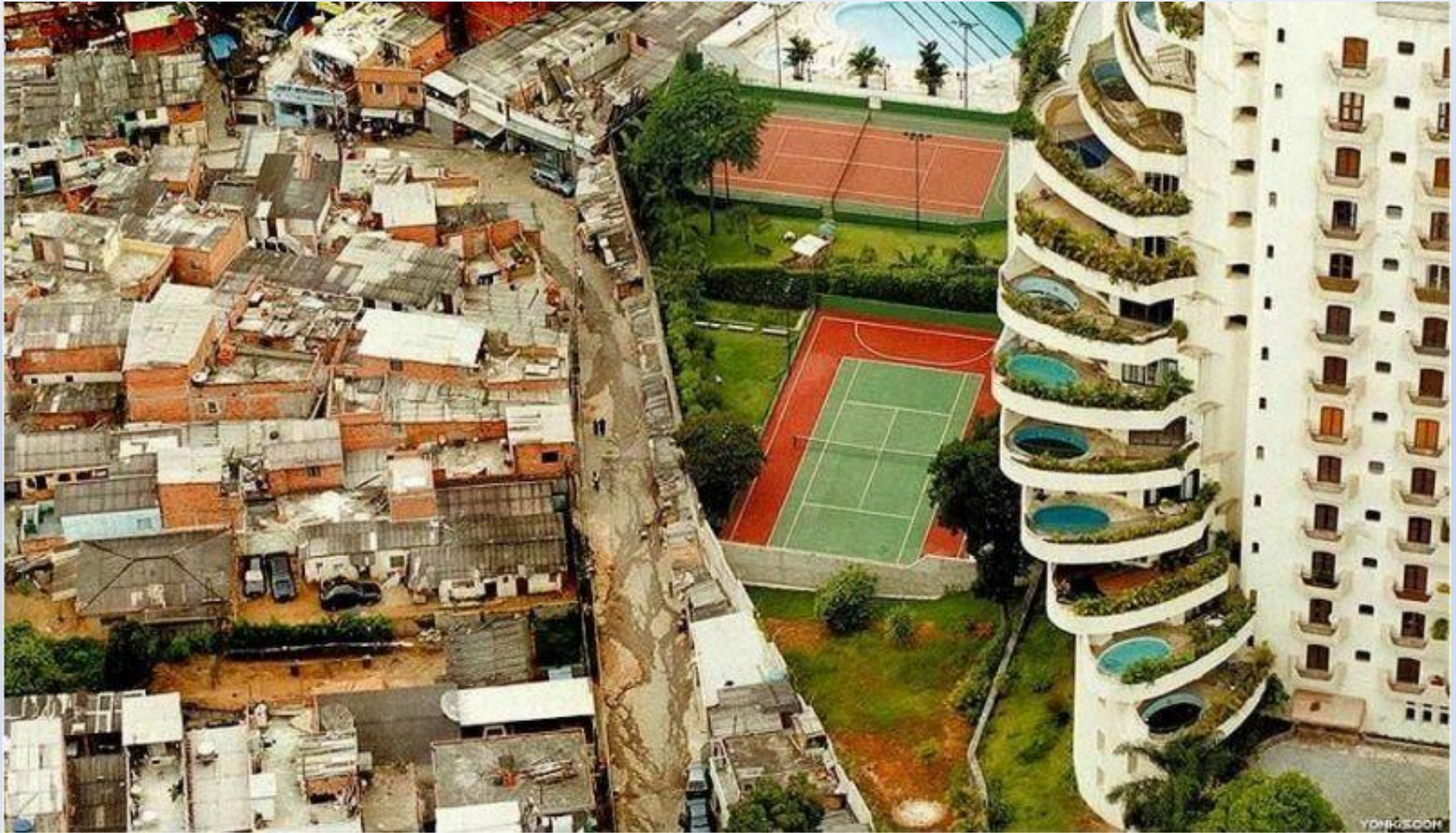
**Alexandre Kalache**  
**President of the International  
Longevity Centre Brazil**

## Population 65 years and over, Brazil and Canada, Historical (1971-2011) and Projected (2021-2051) (%)

■ Brazil ■ Canada







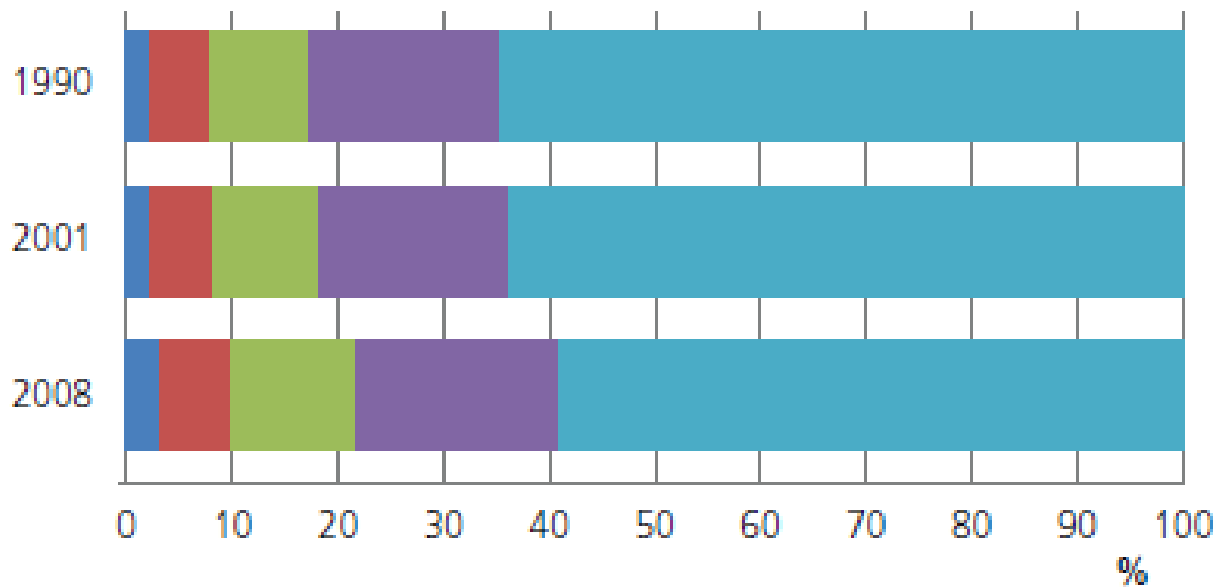
International Longevity Centre Brazil  
Centro Internacional de Longevidade  
Brasil



# Income inequality

- **Steady decrease since 2001 with important poverty reduction.**
- **But still one of the most unequal countries in the world.**

# Income inequality



	1990	2001	2008
Poorest quintile	2.2%	2.1%	2.9%
Second quintile	5.4%	5.7%	7.0%
Third quintile	9.6%	10.2%	11.7%
Fourth quintile	17.9%	18.0%	19.1%
Wealthiest quintile	64.9%	63.9%	59.3%

Source: ODI, Development Progress, <http://www.developmentprogress.org/progress-stories/social-protection-brazil-impacts-poverty-inequality-and-growth>

# The situation for older Brazilians

- **Very low poverty levels by international standards**
- **Also true compared to other age groups**
- **This is largely due to public transfers**



# Reasons for inequalities and poverty decline

Over the last 10 years, the government's cash transfer programmes and minimum wage policy played a crucial role in reducing inequalities and poverty.

- **Between 1980-2000:**
  - Non-contributory pension benefits.
  - Measures to stabilize economy and control inflation.
  - Reduction in family sizes and an increase in the relative number of older adults.
  - Progressive and constant increase in human capital and increased female labour force participation.

# Effective Social protection programmes

Poverty among OP has been almost eradicated - but at a high cost compared to other middle-income countries.



# Old-age social protection

	Programme	Eligibility criteria	Value of pension (2011)	Number of benefits awarded	Approx coverage (% of population 60+)*
Brazil	Contributory pension funds*	Aged 60+ (women) or 65+ (men), or based on period of employment	Varied, minimum is 545 Reais – US\$318**	9,480,540	46%
	Rural pension ( <i>Previdência Social</i> )	Aged 55+ (women) or 60+ (men). More than 15 years of employment in the rural sector	545 Reais – US\$318**	5,851,554	28%
	Means-tested social pensions (BPC and RMV)	Aged 65+. Means test on per capita household income		1,660,446	8%
<b>Total</b>				<b>16,992,540</b>	<b>83%</b>

Source: Barrientos, A; Liody-Sherlock, P. Pensions, poverty and wellbeing. The Impact of Social Pensions in South Africa and Brazil, a comparative study. Pension Watch Briefing No. 7, 2011.

# Economic impact of old-age pensions

- **Reduction of inequalities: 30% of the reduction between 2001 and 2004 exclusively attributed to government transfers.**
- **Reduction of poverty: Between 2001 and 2005, social pensions contributed 26% of the total reduction in extreme poverty.**
- **Stimulation of growth: No empirical evidence.**

***“Now I can manage my own money.  
There’s more than enough to buy a few  
clothes to go to visit my daughter’s  
family for a few days.”  
Older person, Brazil.***

# Broader impact of social assistance programmes

- **Significant increase in life satisfaction scores among pension recipients**
- **Improvements in accessing education and health services of other household members**
- **More likely to live alone or only with a spouse, due to greater financial independence**
- **Lower participation rates in the labour market**

## **Indirect mechanisms reducing old-age poverty**

- **Universal access to health care (1988)**
- **Free drugs for common NCD**
- **Subsidies; examples:**
  - **Free public municipal transport,**
  - **50% reduction for cultural and sports events**
- **Access to credit**

# **BUT: inequalities are deeply embedded...**

- **1 million retired civil servants receive very generous pensions (2.1% of GDP)**
  - **Created a deficit of R\$ 57 billion em 2012 (higher than entire budget of the Ministry of Education)**
  - **vs. 6.8% of GDP for 24 million private-sector retirees**
  - **vs. 0.6% of GDP for the Benefit of Continued Provision (1,5 million older people and 1,4 million people with disabilities)**



# Concluding remarks

- **Pension transfers, especially through the rural pension programme, have been key factor in reducing overall poverty and inequality in Brazil.**
- **Pension transfers do not only benefit the direct recipient but also other household members.**

# **Have we gone too far? Are these policies leading to intergeneration disharmony?**

**And do we have to go much further? Are these policies really reducing inequalities between the rich and the poor?**

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