

4. GENERAL CONTEXT INDICATORS

5. Old age support rate

Definition and measurement

The old age support rates relate to the number of those who are capable of providing economic support to the number of older people that may be materially dependent on the support of others. The support rate indicator used here is the population aged 20 to 64 as a ratio of those aged 65 and over. The projections for old-age support rates used here are based on the most recent “medium-variant” population projections. They are drawn from the *United Nations, World Population Prospects – 2008 Revision*.

The old age support rate is the ratio of the population who may be economically active to older people who are more likely to be economically inactive. It thus provides an old age related indicator of the number of active people potentially economically supporting inactive people. It also gives a broad indication of the age structure of the population. Changes in the old age support rate depend on past and present mortality, fertility rates and, to a much lesser degree, on net migration.

On average there was about four people of working age for every older person across the OECD in 2008 (Panel A, GE5.1). Rates in Turkey (ten people) and Mexico (nine people) exceeded this rate by a considerable amount. At the

other end of the spectrum, in Germany, Italy and Japan had three or fewer working age people for every older person.

Support rates are projected to decline in all OECD countries over the next 40 years (Panel B, GE5.1). Turkey and Mexico are expected to lose over six or more working age people per older person, whereas declines will be fewer than two working age people per older person in many other OECD countries. Countries which have the highest old age support rates currently experience the biggest falls, indicating support rates becoming more similar between countries – convergence – during the next 40 years.

The historical and projected pattern of evolution of support rates differs greatly according to country (GE5.2). The chart graphically illustrates future convergence of support rates between countries. The main reason for convergence in support rates is the lagged effect of convergence in fertility rates across the OECD. The projections of support rates are highly conditional on projections of likely fertility rates over the next forty years. Whether such support rates cause policy problems depends in part on the health and labour market attachments of those over age 65, which will influence their ability to support themselves.

Further reading

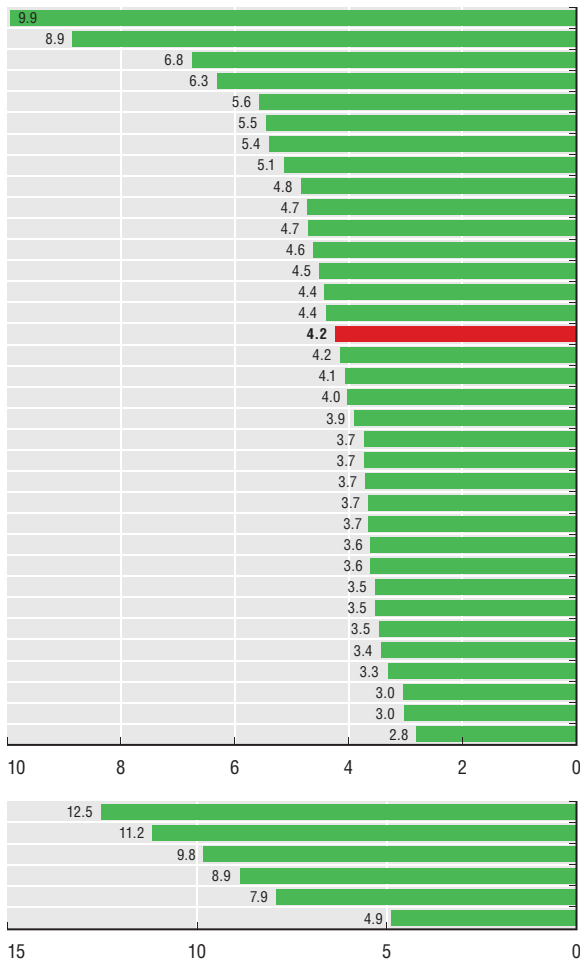
OECD (2011), *Pensions at a Glance*, OECD Publishing, Paris (www.oecd.org/els/social/pensions/PAG).

Figure note

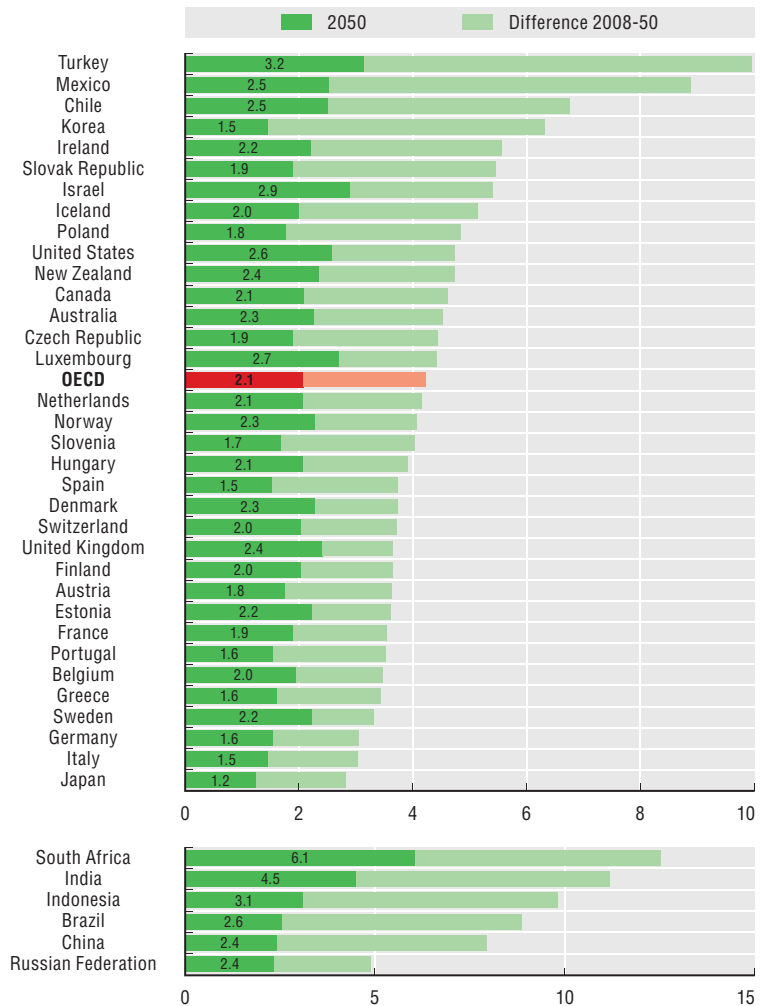
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

GE5.1. Populations are ageing and the old-age support ratio will halve in the OECD

Panel A. Old-age support ratio, 2008 (>)
Number of people of working age (20-64)
per person of pension age (65+)

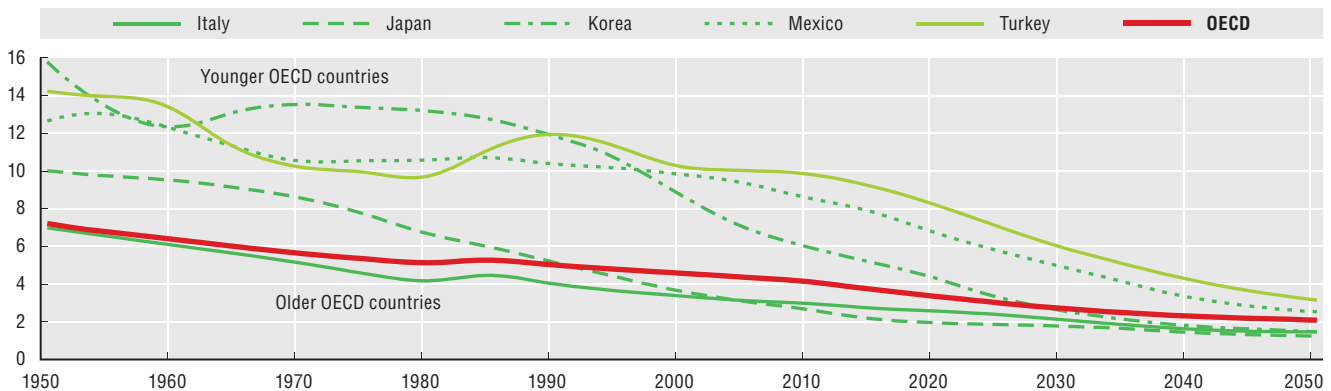


Panel B. Decline in the old-age support ratio 2008-50
Old-age support ratio, 2008 and 2050



GE5.2. Convergence in the old-age support ratio across the OECD

Number of people of working age (20-64) per person of pension age (65+) in selected countries, 1950-2050



Source: OECD (2011), Pensions at a Glance, OECD Publishing, Paris (www.oecd.org/els/social/pensions/PAG); United Nations, World Population Prospects – 2008 Revision. StatLink <http://dx.doi.org/10.1787/888932381760>