Economic Well-being of the Elderly: Gender Differences

The purpose of this paper is to determine the economic well being of the elderly in Malaysia using personal and household income measure. A total of 2,723 elderly from 75 sub-districts were successfully interviewed for the study in 2004. The elderly sources of income from work-, investment- and family-related sources were compared between the male and female elderly. When personal income was used to measure poverty, the (poverty) rate was much higher among elderly female compared to males. In contrast, there was no significant gender difference in proportion of those below poverty when household income was used.. Perceived adequacy of income was closely related to the personal income as compared to household income.

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Introduction

Malaysia will become an aged nation by the year 2035 (T. Aizan et.al. 2004). Reduction in fertility and mortality (Leete, 1996) as well as post-independence socio-economic transformation (Ong, 2003) which led to better education, increased income, improved nutritional status and success in public health initiatives were some of the combined factors that have contributed to this phenomena. In addition, with no changes to the mandatory retirement age at 56, increased life expectancy would force people to spend longer years in retirement. Migration and smaller family size tend to limit the availability of social support in old age which may influence the economic well being of the elderly in Malaysia. Thus, with an increase in the cost of living, the elderly in Malaysia need to have sufficient economic resources to meet their needs. Since labor force participation of Malaysian women is only 47%, elderly women in Malaysia can be expected to have less access to economic resources compared to that of men.

Men and women who earn income during younger years can save money and accumulate assets for old age or continue work and receive income during old age. Those with children may expect to receive money from their children during old age. The expectation that adult children are expected to support elderly parents is reflected in the Malaysian government's policy of providing income tax exemption to children who spent money on medical expenses for parents. Many studies have shown that poverty among elderly women were prevalence compared to of men (Ofstedal, Reidy and Knodel, 2003).

Using income to measure poverty, the paper focuses on determining to what extent this phenomenon exist among the elderly in Malaysia. Specifically, the specific objectives of the study are to:

1. Identify sources of income of elderly men and women
2. Determine economic well being of elderly using the poverty line income
3. Identify the relationship between economic well being and perceived income adequacy

Review of Literature

Income and wealth are commonly used indicators of economic well-being or one's ability to command material goods and services in relation to its needs (Magrabi et. al., 1991; Chan, 2005). Basically, higher levels of income were associated with higher level of wellbeing (Magrabi et. Al., 1991; Fuentes and Rojas, 2001). However, differences in wealth are influenced by income differences as low income persons save very little, thus 'creating' less wealth. Thus, income prior to retirement remains strong indicators of income in retirement.

Ozawa (1995) suggested that income in old age is the result of a life long series of event and decisions made in earlier life, that unequal opportunity and access to education, employment and so on impacted their economic status in later life (DeVaney, 1995). As such, gender inequalities in the labor force have also been a force to reckon with in light of issues relating to sources of income for the elderly in society. Middle aged and old women have significantly shorter work histories than men and this penalizes women in retirement because pensions are tied to earnings and length of service. A woman's lower likelihood of receiving a pension income increases her chances of wallowing in poverty in old age (Aber, Davidson and Ginn, 2003).

Unfortunately, not only that elderly retirement income is determined by their past earnings, the amount received is generally lower than what they earned before retirement. Even more unfortunate is that in the later years of their lives, most individuals have little or no opportunity to add to the savings accumulated during their more productive years (Chow and Chi, 1997). And, in some cases, their economic vulnerability is compounded by their physical, mental and health vulnerability (Gupta and Sankar, 2002). Thus, elderly post retirement economic condition would be made worse if they are economically unstable even before the retirement occurs.

According to Smith (1997), elderly people's households differ greatly in their sources of income, a fact highly influenced by their position in the economic hierarchy. But, generally, as people age, they decrease their dependence on earnings and increase their receipt of retirement benefits (Quinn, 1985). The loss of income for the elderly is replaced by income from various sources such as self employment, social security, retirement annuities, unemployment benefits, public assistance, interest income, dividends, alimony and income from rentals; but not limited to this (Johnson, Smeeding and Torrey, 2005). It has also been observed that diversifying income sources can be a strategy to reduce dependence and economic vulnerability of individuals at the household level (Witter, Briguglio and Bhuglah (2002).

Elderly who had unstable economic condition but had formally some work prior to retirement could depend on their pension or contributions in the Employee Provident Fund (EPF) – one type of mandatory old age saving. However, for elderly who were self-employed or had never formally work, may have no option but to continue working beyond the retirement age to earn a living. Those who are poor and do not have the ability to earn depend on public assistance. Another option is that they live by relying on their own savings or the support from their children if available. According to Millward (1998), compared to other types of support (emotional and practical assistance), financial aid from adult children was less common. In fact, it generally flows from older parents to adult children. However, perhaps due to cultural differences, the flow of financial aid in Malaysia flows from adult children to the elderly. Specifically, Shahar, Earland and Abd Rahman (2001) found that 62% of rural elderly in his sample relied on children for their main economic resources. As for the beneficiary of such aid, Ofstedal, Reidy and Knodel (2003) found that while older man and women are equally likely to receive financial assistance from children in Philippines and Thailand, but, older women are more likely than older man to receive such support in Taiwan and Singapore.

Taking into consideration of the current life expectancy of in Malaysia of 75 years for women and 70 years for men ((Economic Planning Unit, 2002), older persons enjoy more or less 20 years of life in retirement. Meaning, they have to stretch their (already lower) income over a longer period of time while facing the rising cost of living. Thus, in the context of economic wellbeing, the issues of income adequacy in old age are particularly relevant. Tengku Aizan and Asnarulkhadi (2000) found that about 10% of older persons living in Johor, Malaysia did not have adequate income for sustaining their living. In fact, at the national level, households headed by the elderly, those 65 years and above experienced high incidence of poverty at 22.7% (Eight Malaysian Plan (2000). In developed countries such as the United States, 40% of the elderly population experience a year below the poverty line at some point in old age. Older women are twice likely to be living in poverty as older men (Choudhry and Leonesio, 1997). In short, older persons are one of the most economically disadvantaged and vulnerable group in the population.

Interestingly, elderly people generally assessed their financial resources as adequate (Stoller and Stoller, 2003) even when those income appears to be relatively low. According to Vaughn (1980), such incidence occurs because households headed by older persons have high rate of home ownership and untaxed income reduces income needs among elderly.

Methodology

The data used for the study are part of the data collected under the study on Economic and Financial Aspects of Aging in Malaysia conducted in 2004 and 2005. The study was carried out among 2,723 elderly aged 55 to 75 in 75 sub-districts (6% of total sub-districts) selected using multistage proportional sampling. Four Enumeration Blocks (EB) with the highest number of older persons age 55-75 were selected in each of the 75 sub-district. From each Enumeration Block selected, ten households were systematically selected at an interval of seven and the first sample started from Point A of each EB provided by Department of Statistics, Malaysia. Data were collected through personal interviews in the respondent's respective language using a set of questionnaires developed for this study.

Findings and Discussions

Profile of the Respondents

A total of 2,723 elderly aged between 55-75 were successfully interviewed in this study. They comprised 50.6% males and 49.4% females. The respondents lived in 75 sub-districts throughout Malaysia, representing 55.7% Malays, 22.5% Chinese, 7.0% Indians and 14.9% of various ethnic groups of Sabah and Sarawak. The ethnic distribution reflects the distribution of Malaysian population with majority of Malays, followed by Chinese, Sabah and Sarawak ethnic groups and Indians. The selected socio demographic background of the respondents is shown in Table 1. In line with the population census, Table 1 clearly shows that higher proportions of female elderly were widowed while majority of male elderly are still married. The proportion of elderly never married was low.

Despite improved educational attainment, 46% of female and 13% of male elderly in this study had never attended school. There were only four percent of male and one percent of female in this study had diploma or received tertiary education. The educational attainment of the respondents is often closely linked to their employment. There were 39% female respondents who never worked while there were less than three percent male respondents who never worked. This is in line with the traditional practice of male being the family breadwinner while women playing major roles as full time housewives. Slightly more than one third of male elderly (37.4%) used to work and still working after passing the retirement age. Mean while only 14.0% of female elderly who continue working into their old age. Majority of the respondents in this study were no longer working (60% males and 47.3% female). In general, very small proportion of the elderly, especially elderly women were no longer in working. The mean age of the respondents in this study was 64.2 years old for male and 63.0 years old for female. Since the samples comprised those aged between ages of 55 to 75, the respondents can be grouped as young old. The mean age of men was slightly higher compared to that of women. With life expectancy of 73 for men and 75 for women, respondents in this study can be expected to have many more years of living. As such sources of money to support their livelihood can be crucial to maintain their lifestyle.

Table 1:
Selected Socio Demographic Background

Selected Background		Male	Female
Marital status	Never Married	2.4%	1.5
	Currently Married	85.9%	42.8%
	Widow/divorcee	11.7%	55.7%
Educational attainment	Never to school	12.7%	54.3%
	Primary school	51.3%	35.5%
	Secondary school and higher	27.1%	10.2%
Mean age	(years)	64.2	63

Sources of Income

Respondents were asked to indicate whether they received money from various sources, frequency of receiving them and the amount received. Table 2 shows the percentage of male and female respondents who received money from various sources. The first three sources were work-related source, followed by family-related and finally the last five were investment-related income. The table clearly shows that the proportion of women with work-related income (e.g. wage, pension, agriculture and profit) was much lower compared to men. This is because, since majority of women were unemployed when they were young, and they can be expected to continue unemployed when they grow old. Less than one third of men reported earning wage and only 24.9% had pension. There were 32.1% of male and 69.5% of female elderly in this study had no income from work related sources. Among those with work-related income, the majority reported that they had one source that is either pension or wage. Less than 10% men had two or more work-related sources of income.

Old age living can also mean it is time to withdraw savings as well as assets accumulated during younger years. A very small percentage of respondents especially women reported having income from investment-related sources such as rental, bonus, dividend, annuity and others. Only 13.1% of male and 8.9% of female respondents reported receiving money from these sources. The data clearly shows that elderly in this study were not receiving money from investment. In fact, they probably never did. Failure to save and invest for old age tended to limit the financial accessibility during old age.

In general, majority of elderly especially women had to rely on children and grandchildren as sources of 'income'. In contrast to the two sources of income discussed earlier, the data revealed that the percentage of women who did not receive money from family members was much lower compared to that of men. Further analysis shows that there were 35% of elderly males compared to only 20% of elderly females who did not receive money from family members. A total of 57 male and 125 female respondents did not receive any money from either one of the three sources; work-, investment- and family-related sources. Majority of the respondents regardless of sex had one source of income. The mean income of male elderly was RM8,783.68 while elderly female had mean income of RM4,229.93. The mean income of elderly female was lower than that of the annual poverty line income of RM6,348.00.

What is the situation of the elderly with regards to poverty? What is the poverty status of the elderly if we take into account the income of other household residing with them? The total income of the elderly was derived by adding the total amount received from all sources. In addition, the total income of members living in the same household was also computed. The poverty rate among the elderly in this study was derived by grouping the respondents into two groups, poor and non poor. Those earning less than RM6,348 per year (yearly poverty line income for Malaysia) was grouped as poor while those earning higher were categorized as non poor. Table 3 shows the percentage of elderly receiving below and above poverty line.

Table 2:
Percentage of Respondents Receiving Money From Various Sources and Yearly Mean by Sex

Sources	Male		Female	
	%	Mean	%	Mean
Wage	30.05	7646.59	10.53	4273.09
Pension	24.87	7090.94	9.66	4607.12
Agriculture	11.80	15081.34	7.31	4058.93
Profit	11.21	4291.60	5.31	1452.14
Son	53.82	1831.66	67.71	2089.18
Daughter	38.71	1512.84	48.56	1739.86
Grandsons	3.82	577.11	4.79	1044.38
Rental	4.84	5936.42	3.66	4896.33
Bonus	3.65	3146.30	0.70	882.25
Dividend	2.04	3404.13	0.78	1333.33
Annuity	0.34	449.50	0.35	3664.50
Other sources	3.90	1515.15	3.57	1009.95

The table clearly shows that more than 80% of elderly women compared to only 59% of elderly male were poor when respondents' income was used to measure poverty. In contrast, the proportion of poor elderly men and women were almost equal when the income definition was expanded to include income of household members. Expanding the income definition from personal income to household income tended to lower the incidence of poverty among elderly in this study. Unfortunately the poverty rate in this study is still high compared to the 5.1% national poverty rate in 2002. Living with children tended to lower the risk of falling below poverty line.

Table 4 shows the perceived adequacy of income by poverty status and income measures. Higher proportion of those who were considered poor when household income was used reported to have insufficient income to meet needs compared to those who were considered poor using personal income. There were 13% of those non poor using household income indicated their income was insufficient to meet needs. Children may take care of daily needs but the elderly may not have access to money as they would like to. The respondents' income seemed to reflect the perceived adequacy of income among elderly.

Table 3:
Incidence of Poverty by Respondents' and Household Income by Sex

	Sources of Income	Poor	Non Poor
Male	Respondent's Income	58.79	41.21
	Household Income	24.79	75.21
Female	Respondent's Income	81.33	18.67
	Household Income	25.41	74.59

Table 4:
Perceived Adequacy of income by poverty status and Income measure

Income measure	Poverty status	Insufficient	Basic needs	Meet most	Meet all	Meet all and able to save
Respondent's Income	Poor	18.60	50.94	19.20	8.29	2.96
	Non Poor	7.67	38.50	27.30	16.26	10.28
Household Income	Poor	25.09	51.89	14.43	6.01	2.58
	Non Poor	13.08	45.79	23.56	11.75	5.82

Conclusions

Majority women had lower educational attainment, never involved in the labor force and proportion who were widowed/divorcee was higher Elderly women depended more on income from children while men's sources of income were employment. Using income as measure of poverty, the incidence of poverty among elderly is higher than the national figure of 5.1% using the Poverty Line Index of RM6, 348/year. Using elderly income to measure poverty, the proportion of elderly women below poverty line was higher compared to of elderly men. Since formal income support such as pension is not widespread in Malaysia, the elderly income security depends much on the non formal sources especially children. More effective incentives and programs need to be design to encourage children to support their elderly parents. Much research is needed to compare sources of income by cohort groups as well as stratum.

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