



**Sharing Knowledge and Experiences  
Towards Sustainable Ageing Societies in North-East Asia:  
The 1st Meeting of the North-East Asian Forum on Population Ageing  
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# **Income Security for Older Persons in Mongolia**

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# Structure of the presentation



- Current state of older persons' income security
- Existing policies and programmes to ensure income security
- Gaps between the policies/programmes and older persons' needs
- Older persons' survival strategies when their needs are not met
- Summary of "gaps" identified and the corresponding policy suggestions
- Further areas of research necessary



# Current state of older persons' income security

Table 1. Number of beneficiaries receiving pensions from the social insurance fund, by type, 2004-2014, (Mongolia)

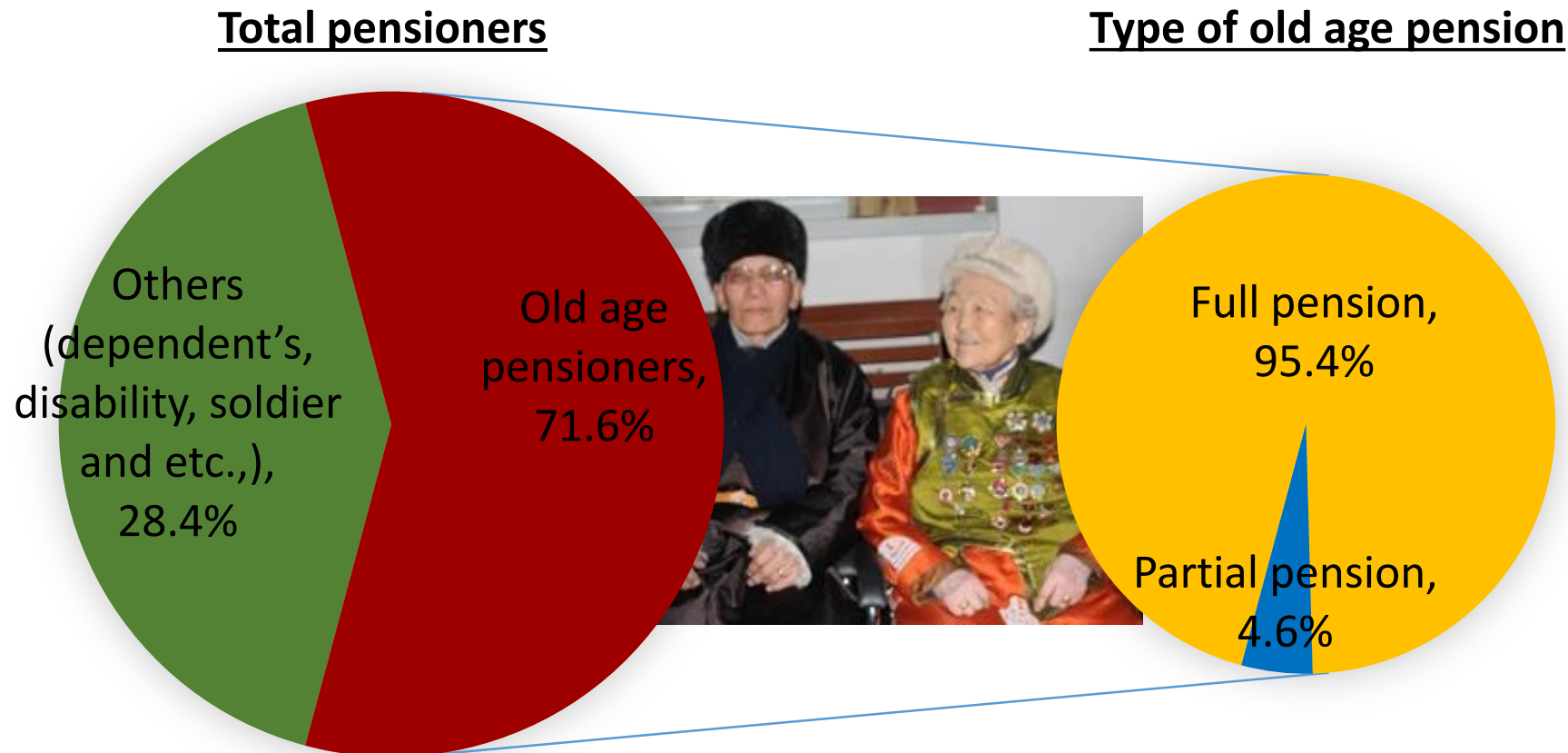
Number of beneficiaries	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	(thous.person)										
<b>Total</b>	<b>270.4</b>	<b>277</b>	<b>290.5</b>	<b>301.2</b>	<b>300.6</b>	<b>335.8</b>	<b>337.5</b>	<b>332.3</b>	<b>334.6</b>	<b>336.9</b>	<b>345.8</b>
Older person	176.3	180	190.1	193.6	193.3	213.2	218.8	219.6	224.7	230.3	242.5
Disabled	46.6	49.4	51.9	59.9	62	71.5	70	67	65.8	64.5	65.4
Breadwinner loss pension	35.6	34.9	35.4	36	33.3	37.9	35.1	32.1	29.9	27.4	23.3
Military	11.9	12.7	13.1	11.7	12	13.2	13.6	13.6	14.2	14.7	14.6

Data source: National Statistical Office of Mongolia & Social Insurance General Office

[http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT\\_NS0\\_2200\\_001V1&conn\\_path=13](http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT_NS0_2200_001V1&conn_path=13)

# Current state of older persons' income security

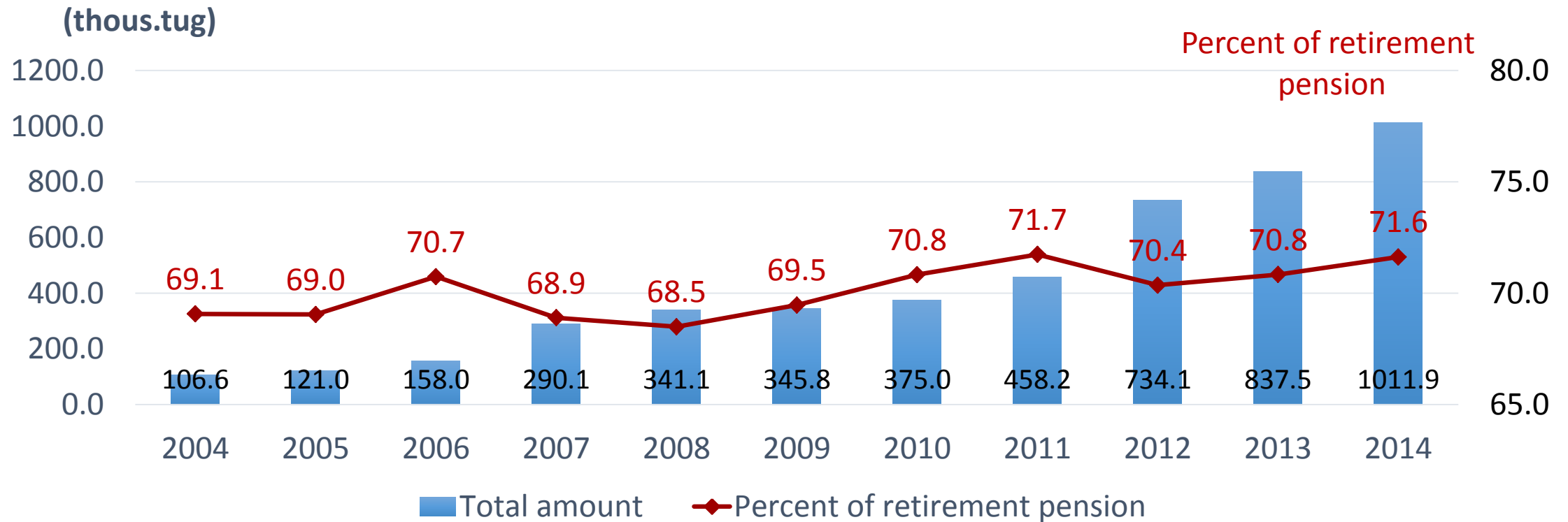
Figure 1. Percentage of beneficiaries receiving pensions provided by the social insurance fund, by total pensioner type and old age pension type, 2014 (Mongolia)



Data source: Social Insurance General Office, Annual report, 2014

# Current state of older persons' income security

Figure 2. Total amount of pensions granted by the Social Insurance Fund and percent of retirement pension, 2004-2014 (Mongolia)

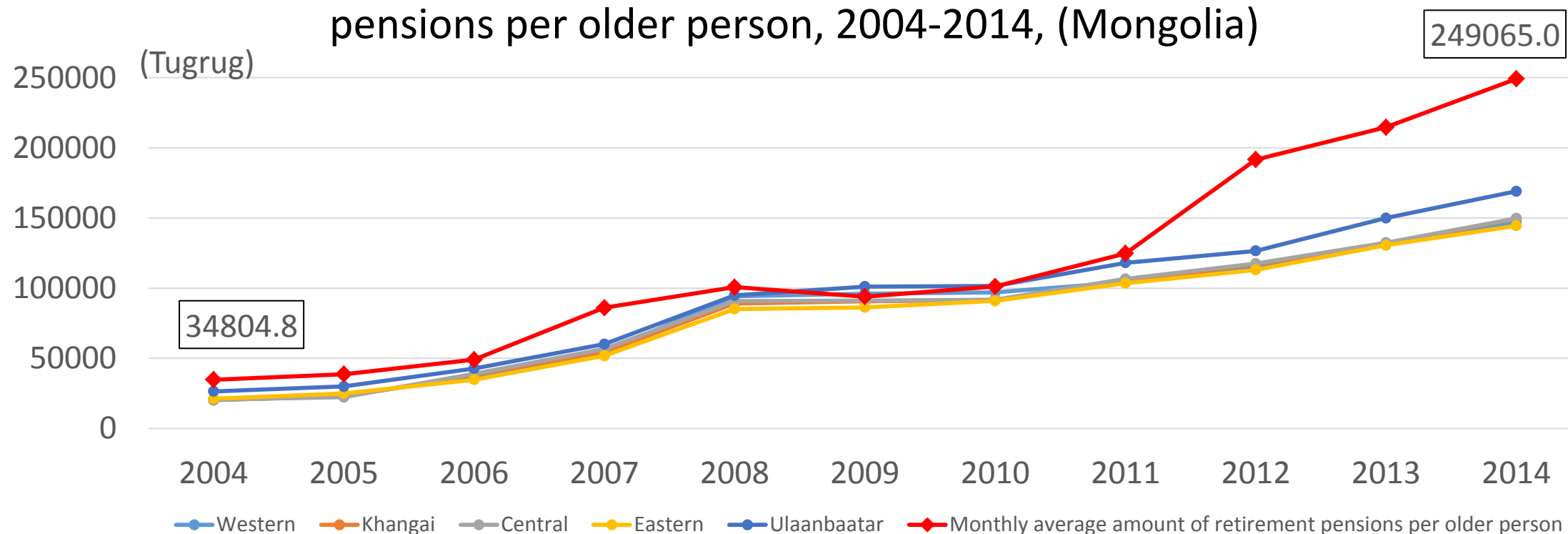


Data source: National Statistical Office of Mongolia & Social Insurance General Office

[http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT\\_NS0\\_2200\\_002V1&conn\\_path=13](http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT_NS0_2200_002V1&conn_path=13)

# Current state of older persons' income security

Figure 3. Minimum subsistence level of population, per capita per month, by region and Monthly average amount of retirement pensions per older person, 2004-2014, (Mongolia)




Data source: National Statistical Office of Mongolia & Social Insurance General Office

[http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT\\_NS0\\_1900\\_010V1&conn\\_path=12](http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT_NS0_1900_010V1&conn_path=12)

# Current state of older persons' income security

Table 2. Social welfare fund expenses and number of beneficiaries, by selected indicators, 2010-2014, (Mongolia)



Indicators	2010		2011		2012		2013		2014	
	Person (thous.per)	Fund (bln.tug)	Person (thous.per)	Fund (bln.tug)	Person (thous.per)	Fund (bln.tug)	Person (thous.per)	Fund (bln.tug)	Person (thous.per)	Fund (bln.tug)
<b>Total</b>	<b>508.4</b>	<b>99.3</b>	<b>619.6</b>	<b>131.9</b>	<b>1,478.4</b>	<b>181.4</b>	<b>1,587.8</b>	<b>233.2</b>	<b>1,665.6</b>	<b>241.8</b>
Social welfare pension	56.7	27.6	57.9	35.7	60.7	65.6	63.4	79.5	64.9	82.1
Conditional cash benefit to people looking after elderly	16.2	3.8	15.1	5.3	14.8	6.6	16.7	9.1	20	11.0
Cash benefit for "honored" elderly mothers	125.6	15.7	204.3	29.9	205	28.5	202.5	28.1	208.1	28.5
Support for elderly with honorific titles	5.2	5.7	5	5.5	4.1	5.1	4.8	5.0	4.9	5.0
Assistance and support provided once under the law on social security of elderly	108.2	8.4	118.7	9.6	112.1	11.3	126	14.3	140	19.2

Data source: National Statistical Office of Mongolia & Social Insurance General Office

[http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT\\_NSO\\_2200\\_006V1&conn\\_path=13](http://www.1212.mn/statHtml/statHtml.do?orgId=976&tblId=DT_NSO_2200_006V1&conn_path=13)

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## Existing policies and programmes to ensure income security

- Revision (2004-2008) of 1998 National Program on Social Welfare and Health of Older Persons, 2003
- State Policy on Population Development of Mongolia (2004-2015), 2004
- Social Security Sector Master Plan (2004-2013), 2003
- Health Sector Master Plan (2006-2015), 2005
- State Policy on Family Development of Mongolia (2003-2018), 2003
- National strategy on Population Ageing 2009
- Policy revisions on employment promotion and social welfare 2010
- State pension reform policy /2015-2030/

## Existing laws and regulations relating to ensure income security

- Civil Health Insurance Law (approved 1993, revised 2002)
- Law on Social Insurance (approved 1994, 1999)
- Law on Social Welfare (approved 1995, revised 2005)
- Law on Social Security for the Elderly (approved 1995, revised 2005)
- Law on Pensions and Benefits provided by the Social Insurance Fund (approved 1994, revised 1999)
- Labour Law (approved 1991, revised 1999)

## Existing policies and programmes to ensure income security

**Table 3. Summary of social protection programmes for older persons of Mongolia**

<b>Scheme</b>	<b>Number of beneficiaries</b>
Defined benefit old age pension insurance	232,147 people or over 100 per cent of the male population over 60, and female population over 55 years old (due to early retirement pensions) in 2013.
Defined contribution old age pension insurance	The first pensioner will be eligible from 2015.
Non-contributory military pension benefit scheme	15,600 people benefitted in 2013
Non-contributory social welfare old-age benefit	1,693 older persons in 2013
Social welfare cash supports for older persons	333,300 (double counting) people in 2013.

*Data source:* Social Insurance General Office, Social Welfare General Office, 2015.

UN, ILO and the Government of Mongolia, 2015. *Social protection assessment based national dialogue: Definition and cost of a social protection floor in Mongolia.*

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## Gaps between the policies/programmes and older persons' needs

- Unequal retirement age between men and women (for men 60, for women 55). The most of elders are women. Therefore, the retirement pension level of women is lower than men and that pension do not fully meet the needs of them.
- Due to the policies had been implemented, mothers who has more than five children, were forced to retire before the law age of retirement and their pension set very low.
- Old age pension growth can not catch up with rising prices of consumer products.
- Low coverage of social insurance among herders and self-employed (only 23% in 2013).
- In old age, they are not able to work as they are old.
- Most of the elderly have poor health status and the costs of health services are rising.



# Gaps between the policies/programmes and older persons' needs



- There are some older persons who do not receive any pension (social insurance or social welfare). For example, for some old person, the year of paid for social security contributions is not enough to receive old age full pension and partial pension. In that case, they have possibility to receive social welfare pension. If they have relatives to take care of them could not be considered eligible to receive social welfare pension.



- Social welfare pension recipients are usually unable to get loans.
- There is relatively high interest rate for retirement loans. Elders face difficulties to pay loans back.
- As a result of the privatization of livestock in rural areas during the 1990s, some who had still not reached retirement age were forced to retire. Early retirement led to reduced amount of contributory pension.



- Officials reported that some elderly could not receive the pension due to lack of personal documents proving their work history. For older people it is time consuming and requires a great deal of effort to collect their documents from the related organization and to obtain reference verifications from three persons.

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## Older persons' survival strategies when their needs are not met

- Working mainly in informal sector;
- Taking care of grandchildren and living with children together;
- Getting loans from bank and pawn using their pension book ledger as collateral;
- Getting financial and other supports from family members, relatives and other persons;
- Buying foods and consumer goods from supermarket on credit using their pension book ledger as collateral;
- Living in the elderly nursing homes;





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# Summary of “gaps” identified and the corresponding policy suggestions

- The retirement age (currently 60 for males and 55 for females) should be raised in view of the improving life expectancy and increasing capability of older persons to continue working.
- There is no automatic indexation to the cost of living of the levels of the social insurance old-age pension and the social welfare old-age pension. That level being rather adjusted on an ad-hoc decision. The amount paid under contributory pensions should be increased or at least adjusted periodically for inflation and depreciation of the tugrug.
- Variations in the pension amounts, discriminating against the “victims” of transition should at least be minimized, if not completely eliminated.
- Public advocacy activities on the methodology of calculating the amount of the contributory pension should be conducted to make calculation easily understandable by the elderly.

# Summary of “gaps” identified and the corresponding policy suggestions

- Improve old-age income security of herders and other self-employed individuals by encouraging their participation in the social insurance scheme. Introduce government subsidies on the contributions of the target population as an incentive to increase coverage. Consider reforming the scheme to require the participation of all workers.
- The eligibility conditions for social welfare pensions as well as other forms of social assistance should be revised to ensure that a number of deserving older persons currently left out are also covered.
- The amount of social welfare pensions needs to be increased and periodically adjusted for changes in the cost of living.
- All older people should enjoy opportunities to get service at resorts at discounted rates and be given monetary assistance for fuel on an equal base. Such types of assistance should not be restricted to once a year but their frequency should be based on need.
- Need to explore the possibility of reducing the interest rate of retirement pension loans and to determine the optimal rate.

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- ✓ Research on Mongolian elders and poverty;
- ✓ Assessment research about Mongolian elders needs and strategic ways to ensure their welfare and well-being;
- ✓ Other policy research on aging issues etc.,

# References

- Social Insurance General Office, Annual report, 2014.
- Ghazy Mujahid, Oyut-Erdene Namdaldagva & Oyun Banzragch, 2010. Report of Survey on *Assuring Income Security In Old Age: Views of the Mongolian Elderly*.
- National strategy on Population Ageing 2009.
- Mongolian Statistical Information Service [www.1212.mn](http://www.1212.mn)

Thank you for your attention