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| *Content type* | **Publication** | |
| *Date* | 10 December 2012 | |
| *Title* | **The cost of our ageing society** | |
| *Excerpt* | Governments must do more to reduce the long term cost of ageing to the public purse argues a new policy report from the International Longevity Centre – UK (ILC-UK). | |
| *Body copy* | “The cost of our ageing society”, sponsored by Milliman, highlights the projected financial impact of the cost of the world’s ageing population.  In the report, ILC-UK calls on governments across the world to consider linking eligibility ages of state pension to life expectancy and do more to ensure that the labour market is accessible to older people.  ILC-UK also argues that governments need to ensure pension systems are sustainable, allow for greater risk-sharing, and are less vulnerable to longevity risk. It also urges governments across the world to consider how to create better conditions for health care innovation and development.  ILC-UK believes that governments need to prepare for uncertainty noting that “Policy makers today are being asked to prepare for a future about which there is a serious degree of uncertainty and therefore sustainable policies will be the ones which can adapt to unexpected changes.” It argues therefore that addressing the needs of ageing populations will require ongoing investment in research and data collection.  ILC-UK argues, however, that policy interventions must recognise the contribution that older people make to society and the economy. ILC-UK also points out that individual countries will need to ensure there are safety nets for those who cannot work longer.  “The cost of our ageing society” draws heavily on the European Commission’s 2012 Ageing Report and the Office for Budget Responsibility’s Fiscal Sustainability Report, July 2012”. ILC-UK summarises the latest projections on longevity and the cost of ageing across the world.   * In the UK: age-related spending is projected to rise from an annual cost of 21.3% to 26.3% of GDP between 2016/17 and 2061/62, a rise of 5% of GDP (equivalent to a rise of around £79bn in today’s money). * In the EU: age-related spending is projected to rise from an annual cost of 25% to 29.1% of GDP between 2010 and 2060, a rise of 4.1% of GDP. However, a scenario which assumes greater resources devoted to development within health care projects that age-related spending in the EU could rise to as much as 29.8% of GDP, annually, by 2060.   In the UK:   * spending on public pensions (state pension, benefits and public service pensions) is projected to rise from an annual cost of 8.9% to 10.8% of GDP between 2016/17 and 2061/62, a rise of 1.9% of GDP (equivalent to a rise of around £33bn in today’s money). * spending on health care is projected to see the largest rise of all elements of age-related spending, rising from an annual cost of 6.8% to 9.1% of GDP between 2016/17 and 2061/62, a rise of 2.3% of GDP (equivalent to a rise of around £36bn in today’s money). The rise in projected spending on health care in the UK mirrors the increase in the ageing population.   However, scenarios in which there were higher than expected levels of mortality, morbidity and health care development could see much greater increases in expenditure on health care.   * spending on long term care is projected to rise between 2016/17 and 2061/62 by 0.9%, from an annual cost of 1.1% to 2% of GDP, a rise of 0.9% of GDP (equivalent to a rise of around £14bn in today’s money). | |
| *Category (choose one only)* | Culture and society  Finance and wealth  Health and care systems | Infrastructure  Productivity |
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