

***Support System of the Indonesian Elderly: Moving toward the Sustainable National
Pension System***

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Abstract

Through Law No. 40/2006 on Social Security System in Indonesia (Jamsosnas), the Ministry of Finance issued Pension Fund Road Map that include improving the number of people registered into the pension program, improving the return pension coverage so that the elderly can rely on the pension program during their retirement period, and improving the management of the pension system in Indonesia. This paper investigates how the Indonesian elderly finance their retirement period without having sufficient pension program by specifically investigating how the support system differentiated by income level. To bridge the government plan and understand the implication of social security to the live of elderly, particularly those who are poor, this paper intensively discusses to what extent the existing support from the government reach the poor and fulfill their elderly consumption. For this purpose, we will use data developed by National Transfers Account (NTA) project lead by Lee and Mason (2006). The results show that the elderly finance their retirement age different by income level in which the poor elderly in both rural and urban areas rely heavily on public transfers. More importantly is that the poor elderly use this public cash transfers for supporting other household members.