Strategies to address the challenge of financing retirement and healthcare in a rapidly ageing world

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Report makes the case for an integrated response and looks at pensions and healthcare in tandem• The report provides a broad set of practical solutions• Download the report on our website http://www.weforum.org/pensionshealthcare

Geneva, Switzerland, 2 September 2009 - The World Economic Forum addresses the challenge of financing retirement and healthcare in its latest report released today. The report entitled Transforming Pensions and Healthcare in a Rapidly Ageing World, prepared in collaboration with Mercer and the Organisation for Economic Co-operation and Development (OECD), looks at the implications of demographic changes 20 years from now. The ageing of society is a current challenge in developed countries and an imminent challenge in others. By 2030, it will be a major issue in most of today ' s emerging economies, and by 2050, few countries will be unaffected. With an ageing population, a declining labour force, and alarming healthcare and pension benefit costs, concerted effort from government, private sectors and civil societies is essential to address these concerns.
These demographic trends challenge the financial sustainability of pay-as-you-go pension and healthcare systems, as well as capital-funded systems and risk undermining access and quality. The report highlights 11 options to better cater for the changing retirement and healthcare expectations, especially in the current time when resources are stretched:

1. Promote work for older cohorts For many people, better health in old age now means that productive employment is possible and desirable well into the 70s. Coordinated action to change public policy, business practices and personal behaviour can promote lifetime employability and active ageing.

2. Shift delivery of healthcare to a patient-centred system Instead of a reactive focus on curing disease, patient-centred healthcare systems have a proactive focus on maintaining good health. Such a fundamental reorientation of healthcare systems can help reduce the incidence of preventable chronic diseases in old age.

3. Provide financial education and planning advice Literate individuals are more likely to plan their finances responsibly for their old age. Improving awareness and understanding of private pensions and retirement saving products enables people to make informed choices and take effective action to ensure an adequate retirement income.
The World Economic Forum and its partners identified over 50 strategic options after testing against the three plausible and challenging scenarios of the future in 2030, published in September 2008. The 11 most promising options have been selected for further analysis and discussion as highlighted in this publication.

" This publication is important for three reasons: first, it addresses the question of ageing societies from a perspective that integrates implications and solutions for both healthcare and pensions; second, the report focuses on opportunities; and third, the study provides an overview of a broad set of practical solutions. The ageing of society can be a positive and value-creating experience, " said Robert Greenhill, Managing Director and Chief Business Officer at the World Economic Forum. Click on the picture above to watch a four-minute interview with the co-authors of the report, Chiemi Hayashi, Associate Director, Scenario Planning Team, and Bernd Jan Sikken, Associate Director, Head of Project Management, Centre for Global Industries at the World Economic Forum.

“ The report makes a compelling case for immediate and collaborative action by the private and public sector. Even more impressive, the analysis sets out a pragmatic blueprint for transformation, by identifying the most promising 11 strategies and providing three key scenarios of the future against which to consider the effectiveness of each, ” states M. Michele Burns, Chairman and Chief Executive Officer, Mercer, and Chairperson to the Steering Committee of this project.

“ The state has a central role to play in providing adequate pensions and healthcare, but it needs to better engage other stakeholders through effective collaborative mechanisms. We are happy to have contributed to this report, which is intended to inform public debate by identifying a set of key strategies to deliver pension and healthcare programmes that are both financially sustainable and effective. The report highlights innovative solutions that could be applied to different contexts and countries, ” said Angel Gurría, Secretary-General, OECD.

This publication is the result of collaboration with Mercer, the OECD and the Forum ’ s partners. During its two-year life cycle, this project successfully engaged over 300 leaders representing 80 companies (financial institutions, healthcare companies, and others) and over 40 non-business organizations (governments, international organizations, academic institutes and civil societies).

The World Economic Forum is committed to playing a prominent role in this debate and facilitating multistakeholder dialogue and action through the Global Redesign Initiative, the Global Agenda Council Network, and its Financial Services and Healthcare Partnership Programmes. The World Economic Forum is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

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