The Role of Social Security Systems in Alleviating Poverty Among Elderly Populations: An Evaluation of Policy Effectiveness and Challenges

Balakrishnan.A, Research Scholar, Institute of Management and Commerce, Mangalore.
Dr. KVM Varambally, Research Guide, Institute of Management and Commerce, Mangalore.

Abstract

With the global population ageing, social security programs are crucial for alleviating poverty among the elderly and ensuring their welfare and financial stability. This study examines the efficacy of social security policies in reducing elder poverty, focussing on their impact in both industrialised and developing nations. The research delineates variations in the design and execution of these systems worldwide by analysing secondary data from international organisations, official papers, and academic studies. The extensive social security systems in affluent countries such as Sweden, Germany, and Norway integrate earnings-related and universal pensions, resulting in significantly low poverty rates among the elderly. Conversely, emerging nations such as Ghana and India confront challenges like inadequate coverage, limited financial resources, and erratic policy execution, all of which exacerbate poverty among the elderly. The study employs a SWOT analysis to evaluate the systems' potential, risks, weaknesses, and strengths. The findings indicate that while social security programs substantially decrease poverty rates among marginalised groups, demographic factors, volatile economies, and inequitable access often compromise their efficacy. To enhance sustainability and inclusion, it is recommended to integrate social security with healthcare systems, leverage digital technologies, and foster public-private collaborations. This study underscores the need for contextually tailored, collaborative initiatives to ensure that social security institutions effectively manage the growing complexity of ageing populations.

I. INTRODUCTION

It is impossible to overestimate the significance of social security systems in light of the world's historic population ageing. Social Security gives elderly people a lifeline that lets them live with respect and without having to worry about money all the time. This study analyses the efficacy of social security systems in alleviating poverty among the elderly, addresses policy issues, and proposes ideas to enhance their worldwide influence. Although social security systems are essential for reducing elder poverty, their efficacy significantly differs among countries and contexts. Affluent countries such as Sweden and Germany have established extensive pension and long-term care systems; nonetheless, challenges such as supporting claimant attitudes and escalating costs continue to exist (Uścińska et al., 2023). In developing nations such as Ghana, Pakistan, and Myanmar, insufficient pension schemes and deficiencies in policy execution intensify poverty among elderly individuals, especially those working in the informal sector (Khai et al., 2024). The Indira Gandhi National Old Age Pension Scheme in India has demonstrated potential in alleviating poverty and economic disparity, underscoring the significance of focused redistributive policies (Narayana, 2023). Korea proposes a multi-pillar retirement income system to tackle the intricacies of elder poverty, highlighting the necessity for strong public support networks (Kang et al., 2022). In the United States, governmental payments have markedly diminished poverty rates among the elderly, especially within at-risk populations (Lu et al., 2021). Ultimately, social security programs are essential for reducing poverty; but, their design and execution must be contextually adapted to adequately address the needs of the elderly.

II. OBJECTIVES

The primary objective of this study is to analyse the effectiveness of social security systems in alleviating poverty among the elderly. The specific objectives are:

- To examine the role of social security programs in reducing poverty rates among the elderly globally.
- To compare the impact of various social security policies across developed and developing nations.
- To assess the strengths, weaknesses, opportunities, and threats (SWOT) of social security systems in addressing elderly poverty.

III. RESEARCH METHODOLOGY

This study employs a research methodology based on secondary data analysis, utilising information from credible sources such as government publications, international organisations, academic journals, and case studies. The basis for assessing how well social security systems reduce poverty among the elderly is data from organisations such as the OECD, World Bank, and United Nations. The impact of social security systems is assessed using comparative analysis, which highlights the programs' advantages, disadvantages, and potential areas for development.

IV. ANALYSIS AND DISCUSSION

Government-operated programs, referred to as social security systems, offer healthcare, financial aid, and other necessities to individuals, especially those unable to support themselves due to age, disability, or economic hardship. National welfare systems are essential as safety nets that provide support and financial stability throughout major life transitions. These programs are intended to meet various circumstances, including unemployment, maternity, illness, disability, and retirement, serving as a financial safety net. They generally engage with contributory schemes, wherein individuals remit recurring premiums or contributions during their employment, frequently in conjunction with their employers. People receive a range of benefits in return for fulfilling specific qualifying conditions, including as becoming eligible for retirement, becoming ill, or losing their work (Tryfonidou, 2021).

These systems aim to promote social justice and economic security while lowering poverty and inequality by providing resources to those in need. Retirement pensions provide seniors with a consistent income, enabling them to sustain a respectable level of living post-employment. Unemployment insurance offers provisional financial support to persons who have been laid off as they seek new employment opportunities. Health insurance, typically provided by social security, guarantees access to vital medical care without requiring substantial out-of-pocket costs. Social security systems mitigate the impacts of recessions and bolster general economic stability by sustaining consumer spending during economic downturns while also offering direct aid to individuals. They also foster social cohesion by reducing economic disparity and encouraging a sense of shared responsibility. However, the effectiveness of these systems is often determined by their design, funding, and governance. Ageing populations, demographic shifts, and financial constraints can put pressure on social security systems; as a result, frequent modifications are necessary to ensure their sustainability and inclusiveness (Tryfonidou, 2021).

Social security systems are categorised into three main types: housing and social services, healthcare assistance, and pensions. Pensions are periodic benefits provided to individuals upon retirement, ensuring a stable income during their non-working years. These payments are classified into several types. Employers typically finance defined benefit plans, which guarantee a specific retirement payout based on factors such as years of service and salary history. Contributions from both employer and employee are allocated to individual accounts inside defined contribution plans, which are subsequently invested over time. The retirement benefits depend on the total contributions and the investment performance. Additionally, numerous countries provide Social Pensions, which are government-financed non-contributory pensions. These are designed to offer financial assistance to elderly individuals lacking sufficient savings or pension schemes. For example, social pensions provide as a safety net for people without sufficient retirement savings in many developed countries (Wikipedia, 2024). Different pension plans are implemented by nations based on their demographic requirements and economic circumstances. The National Pension System (NPS), for example, was implemented in India and encourages people to make voluntary payments to save for retirement (Drishti IAS, 2024).

A fundamental component of social security is healthcare assistance, which offers elderly and other marginalised populations complimentary or significantly reduced medical services to enhance their quality of life and alleviate the financial strain of medical expenses. Medicaid, co-funded by federal and state governments, assists low-income individuals and families with medical expenses, including long-term and home health care, whereas Medicare is a federal program that predominantly offers health insurance to adults aged 65 and above. It encompasses inpatient admissions, outpatient treatment, and certain preventive interventions (Abel-Smith, 2024). Moreover, numerous countries implement universal healthcare systems to ensure that all citizens can access essential medical services without financial strain; for example, Sweden's publicly funded healthcare system provides comprehensive coverage to all residents through taxation (Investopedia, 2024). Elderly individuals facing challenges with food preparation or accessibility can obtain nutritious meals directly from organisations such as Meals on Wheels, which offer sustenance as well as vital social interaction that can alleviate feelings of isolation.

Social assistance organisations provide resources or financial support to individuals facing financial hardship due to unemployment or other factors. The National Social Assistance Programme (NSAP) in India offers financial assistance to elderly individuals living below the poverty level to meet their essential requirements. The integration of housing and social service programs enhances the lives of marginalised groups, ensuring they receive the necessary support for dignified living (Social Programs in India, n.d.). These programs, which include housing services, healthcare support, and pensions, are essential to improving the wellbeing of the most disadvantaged people of society.

4.1. Impact of Social Security on Elderly Poverty

Since its founding, Social Security has greatly decreased poverty rates among the elderly in the United States, making it an essential program. Social Security benefits and other government transfers considerably diminish poverty rates, particularly among vulnerable groups such as women, minorities, and individuals with lower educational qualifications (Lu et al., 2021). (Donni and Marino, 2018). Poverty persists despite these benefits; in 2016, 9.3% of older individuals lived in poverty, with higher rates among minority populations (Johnson et al., 2018). Prolonged financing challenges jeopardise the effectiveness of Social Security and may lead to substantial payout reductions, perhaps increasing the proportion of future pensioners living in poverty (Sass, 2015). Moreover, studies demonstrate that public pension systems in several countries exhibit a substantial negative association between pension expenditures and elderly poverty, highlighting the importance of adequate public support in alleviating poverty (Jacques et al., 2021).

Numerous elderly individuals globally face limited finances, rendering elder poverty a significant societal issue. Public pensions and robust Social Security programs have emerged as effective mechanisms to address this issue. Poverty rates among the elderly are generally reduced in countries with established income assistance systems for retirees. Countries with robust Social Security systems exhibit elderly poverty rates under 10%, whereas countries with less effective systems indicate rates exceeding 20%, as per data from the Organisation for Economic Co-operation and Development (OECD) (OECD, 2021). These programs provide access to healthcare and mental health services while also ensuring financial stability. The United States exemplifies how Social Security has alleviated poverty among the elderly. The U.S. Census Bureau reported that Social Security lifted almost 16 million seniors out of poverty in 2022 (Census Bureau, 2023). Without these subsidies, the senior poverty rate would have risen from 10.3% to over 38%, underscoring their vital significance. Furthermore, the safety net for elderly individuals with limited earnings is reinforced by programs like as Medicaid and Supplemental Security Income (SSI). Collectively, these measures ensure that millions of individuals receive not only life but also a degree of security and dignity. Due to their universal and earnings-related pension systems, countries such as Sweden, Norway, and Denmark have some of the lowest rates of elder poverty globally. In contrast to the global average of 14.2%, about 2.2% of Norway's elderly population resides below the poverty threshold (World Bank, 2022). Canada has one of the lowest rates of senior poverty in the OECD, at 6.7%, because to the combined effects of Old Age Security (OAS) and Guaranteed Income Supplement (GIS) (OECD, 2021). Senior poverty is kept below 5% because to the Australian Age Pension and obligatory superannuation contributions (Australian Bureau of Statistics, 2022). The importance of integrating public pensions with customised enhancements to address specific need is seen in these programs. Data from global organisations underscores the efficacy of Social Security programs in alleviating poverty. According to the World Bank (2022), elder poverty rates have decreased by almost 50% in nations with strong pension systems in the past two decades. Additionally, tailored programs lessen inequities among marginalised groups, such as minorities and women, according to the United Nations (2021).

Table 1: Elderly Poverty Rates and Primary Pension Systems in Selected Countries

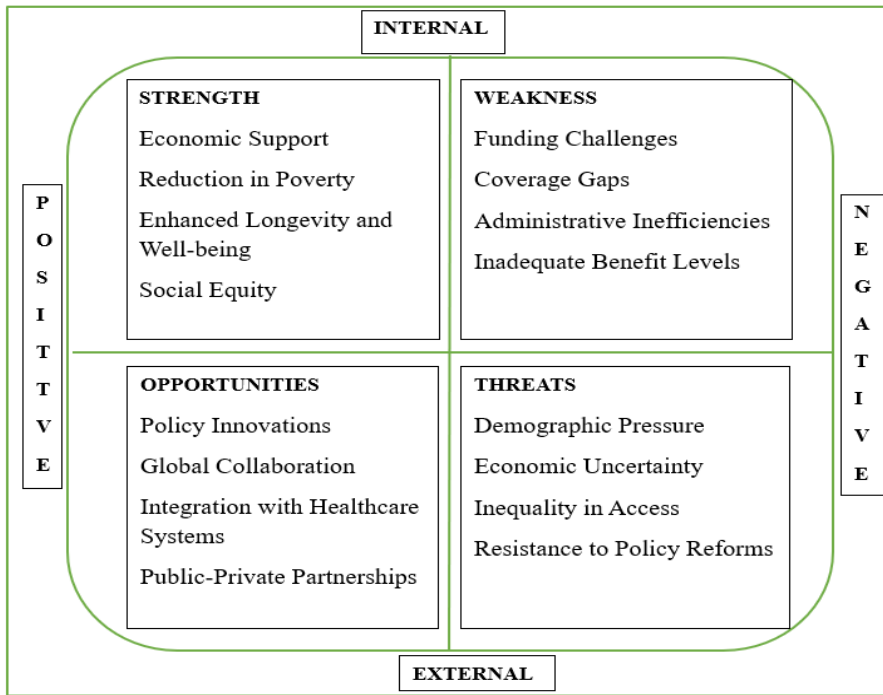| Country	Elderly Poverty Rate (in percentage %)	Primary Pension System
Norway	2.2	Universal + Earnings-related pension
United States	10.3	Social Security
Canada	6.7	OAS + GIS
Australia	5	Age Pension + Superannuation
India	18.7	Indira Gandhi National Old Age Pension Scheme (IGNOAPS) + National Pension System (NPS)

Source: compiled by the author

Financial security is just one benefit of Social Security programs. Elderly people who earn more money can afford safer living conditions, wholesome food, and better healthcare. According to a National Institute on Ageing (2021) study, seniors who had steady incomes reported 35% fewer health issues than those who were impoverished.

4.2. SWOT Analysis

SWOT analysis is a strategic planning method that evaluates a project's Opportunities, Weaknesses, Threats, and Strengths. SWOT analysis, a strategic planning and management technique, is employed to identify strengths, weaknesses, opportunities, and threats in project planning, corporate competitiveness, or specific situations. Scenario analysis and situational evaluation are other names for it. Situational evaluation or scenario analysis are other names for it (Aswani & Varghese, 2023).

The characteristics that provide a company or situation a competitive edge over others are referred to as its strengths. Conversely, its weaknesses are the qualities that make it less favourable than others. Opportunities are outside forces that can be used to the business's or situation's advantage. Threats, on the other hand, are outside factors in the environment that might present difficulties or trouble for the business.

Figure 1. SWOT Analysis of Social Security Systems

INTERNAL

POSITIVE	**STRENGTH** Economic Support Reduction in Poverty Enhanced Longevity and Well-being Social Equity	**WEAKNESS** Funding Challenges Coverage Gaps Administrative Inefficiencies Inadequate Benefit Levels	**NEGATIVE**
	OPPORTUNITIES Policy Innovations Global Collaboration Integration with Healthcare Systems Public-Private Partnerships	**THREATS** Demographic Pressure Economic Uncertainty Inequality in Access Resistance to Policy Reforms	

EXTERNAL

Source: compiled by the author

4.3. Strength

Social security programs are vital for providing elderly individuals with a stable income that reduces their financial dependence and meets their basic needs. Effective policies significantly influence the reduction of poverty rates among the elderly, enhance their quality of life, and preserve their social status. Moreover, reliable financial assistance promotes enhanced health outcomes and facilitates access to essential services, hence improving the overall well-being and lifespan of elderly individuals. Social security systems foster equity and inclusiveness by mitigating income disparity and offering support to marginalised groups, so cultivating a more just and balanced society.

4.4. Weakness

Social security systems can encounter significant funding challenges, particularly concerning sustainability, due to insufficient financial resources or demographic shifts such as an ageing population. Moreover, the lack of access to official social security payments for numerous individuals in low-income countries or those working in the informal sector perpetuates significant coverage gaps. Corruption, delays, and bureaucratic impediments exemplify administrative inefficiencies that hinder equitable benefit distribution. Furthermore, under some conditions, the provided benefit amounts are insufficient to elevate the elderly beyond the poverty line, particularly in areas with elevated living costs, hence constraining the efficacy of these programs.

4.5. Opportunities

Policy innovations, such as the implementation of digital technologies and targeted initiatives, can significantly enhance the efficacy and allocation of social security benefits. International collaboration offers valuable insights for improving policy effectiveness through the exchange of best practices and the examination of successful models in other countries. The elderly can obtain comprehensive assistance that meets their financial and health-related needs by merging social security systems with healthcare initiatives. Moreover, public-private collaborations are crucial since they expand the reach of social security systems and diversify funding sources, ensuring more comprehensive and sustainable coverage.

4.6. Threats

The sustainability and effectiveness of social security programs are jeopardised by various variables. The rising population of elderly individuals in numerous countries is exerting demographic pressure that imposes a significant financial strain on these systems. Recessions and financial crises exemplify economic instability that further constrains governments' ability to sustain or expand social security systems. Access inequality persists as marginalised groups and rural areas often have more barriers to obtaining benefits. Moreover, political opposition or public distrust may obstruct the implementation of crucial policy improvements, so hindering the progress of social security systems.

V. CONCLUSION

Worldwide, state pension schemes and Social Security have been instrumental in reducing the prevalence of poverty among the elderly. These programs ensure that the elderly can age with dignity by offering a consistent income and additional benefits. Social security systems are crucial for ensuring financial stability, promoting societal well-being, and alleviating poverty among the elderly. Despite the persistence of issues, innovative solutions and collaboration can facilitate inclusive and enduring enhancements. Social security programs are essential for alleviating poverty among the elderly and have shown to be very effective in industrialised nations due to robust pension systems that ensure access to healthcare and financial security. However, developing countries have considerable challenges, including inadequate financial resources and ineffective policy execution, exacerbating poverty among the elderly. The study highlights the necessity for contextually relevant solutions that leverage technology, promote public-private partnerships, and integrate social security with healthcare initiatives to enhance inclusiveness and sustainability.

Strong social security systems must be prioritised as the world's population ages in order to protect the dignity and standard of living of senior citizens everywhere.

REFERENCES

Abel-Smith, B. (2024). *Social security*. Encyclopaedia Britannica. Retrieved September 3, 2024, from https://www.britannica.com/money/social-security-government-program

Aswani, T. D., & Varghese, E. (2023). An evaluation of the structural change of the agrarian sector in Kerala. *International Journal of Management and Technology Sciences*, *8*(1), 99–109.

Drishti IAS. (2024, November 20). *Reforming India's social security net*. Retrieved September 3, 2024, from https://www.drishtiias.com/daily-updates/daily-news-editorials/reforming-india-s-social-security-net

Uścińska, G., Czepulis-Rutkowska, Z., & Jarmuż-Zawadzka, P. (2023). Social protection for older persons: An adequacy – comparative perspective. *Ubezpieczenia Społeczne*. https://doi.org/10.5604/01.3001.0053.8536

Investopedia. (2024, November 20). *What is social security?* Retrieved September 3, 2024, from https://www.investopedia.com/terms/s/socialsecurity.asp

Kimberly, J., Johnson, E., & Johns, E. (2018). A new minimum benefit in Social Security to help vulnerable retirees. *Public Policy & Aging Report*. https://doi.org/10.1093/PPAR/PRY018

Narayana, M. R. (2023). Improving economic security for older persons by public pension schemes: Evidence from National Transfer Accounts for India. *Journal of Social and Economic Development*. https://doi.org/10.1007/s40847-022-00219-8

Li, P., Donni, M., & Marino, M. F. (2018). Patterns of poverty among elderly Americans: A latent class Markov model. *Applied Economics Letters*. https://doi.org/10.1080/13504851.2017.1366637

Lu, P., Mack, C., Shelley, M., & Liu, Y.-L. (2021). Government transfers and poverty alleviation among older adults in the United States from 2002 to 2014. Social Policy and Society. https://doi.org/10.1017/S147474642000041X

Jacques, P., Leroux, M.-L., Stevanovic, D., & Stevanovic, D. (2021). Poverty among the elderly: The role of public pension systems. *International Tax and Public Finance*. https://doi.org/10.1007/S10797-020-09617-2

Social programs in India. (n.d.). *In Wikipedia*. Retrieved from https://en.wikipedia.org/wiki/Social_Programs_in_India

Sass, S. A. (2015). Will Social Security keep fewer of tomorrow's elderly out of poverty? *Research Papers in Economics*.

Tual, S. K., Peters, N., Jacob, A., Khan, A. W., & Asaduzzaman, M. (2024). A comparative analysis of the pension schemes for elderly population in developing countries: Policy insights in the context of financial wellbeing and social justice. *Preprints*. https://doi.org/10.20944/preprints202401.1756.v1

Social pension. (2024, November 20). Wikipedia. Retrieved September 3, 2024, from https://en.wikipedia.org/wiki/Social_pension

OECD. (2021). *Pensions at a glance 2021*. https://doi.org/10.1787/b35a14e5-en

World Bank. (2022). *Global economic prospects 2022*. World Bank Group. https://www.worldbank.org/global-economic-prospects

Australian Bureau of Statistics. (2022). *Population and demographics 2022*. Australian Bureau of Statistics. https://www.abs.gov.au/population-demographics-2022

United Nations. (2021). *Pensions and inequities: A global overview*. United Nations. https://www.un.org/pensions-and-inequities-2021