

Health equals wealth: The global longevity dividend

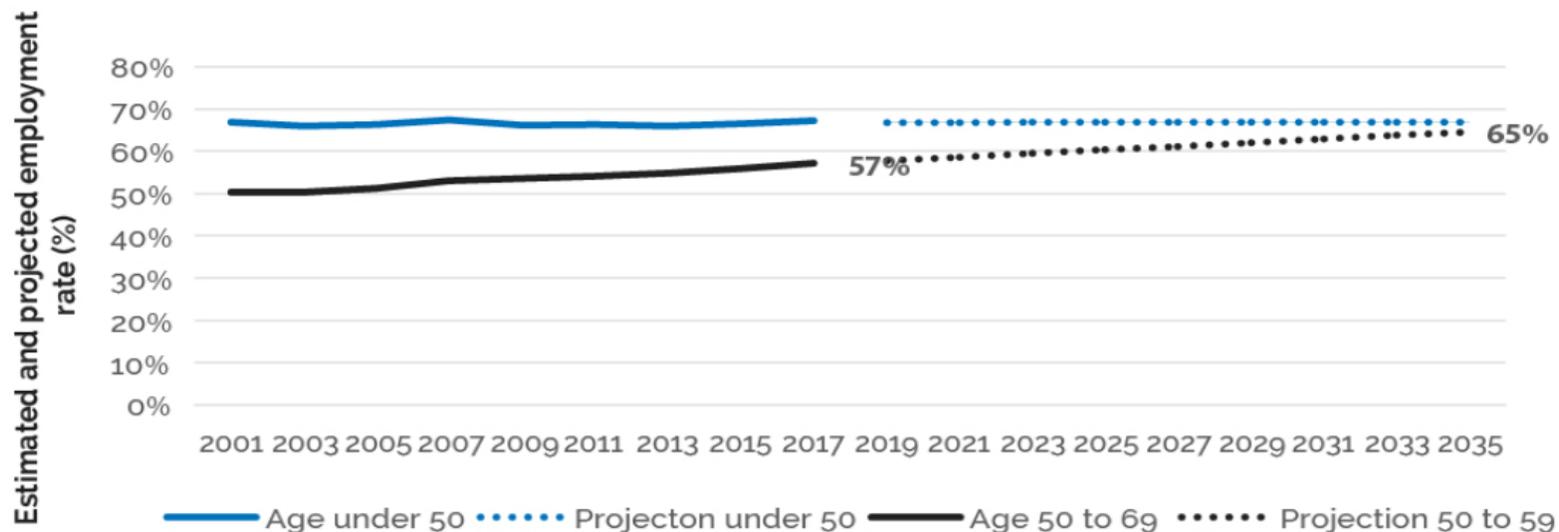
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Summary

- We often have a negative view around ageing and the economy
- Across the G20 older people are contributing significantly to the economy and society, and these contributions are growing as populations age
- But we may be able to maximise these further...

People are increasingly working at older ages, and workforce is ageing

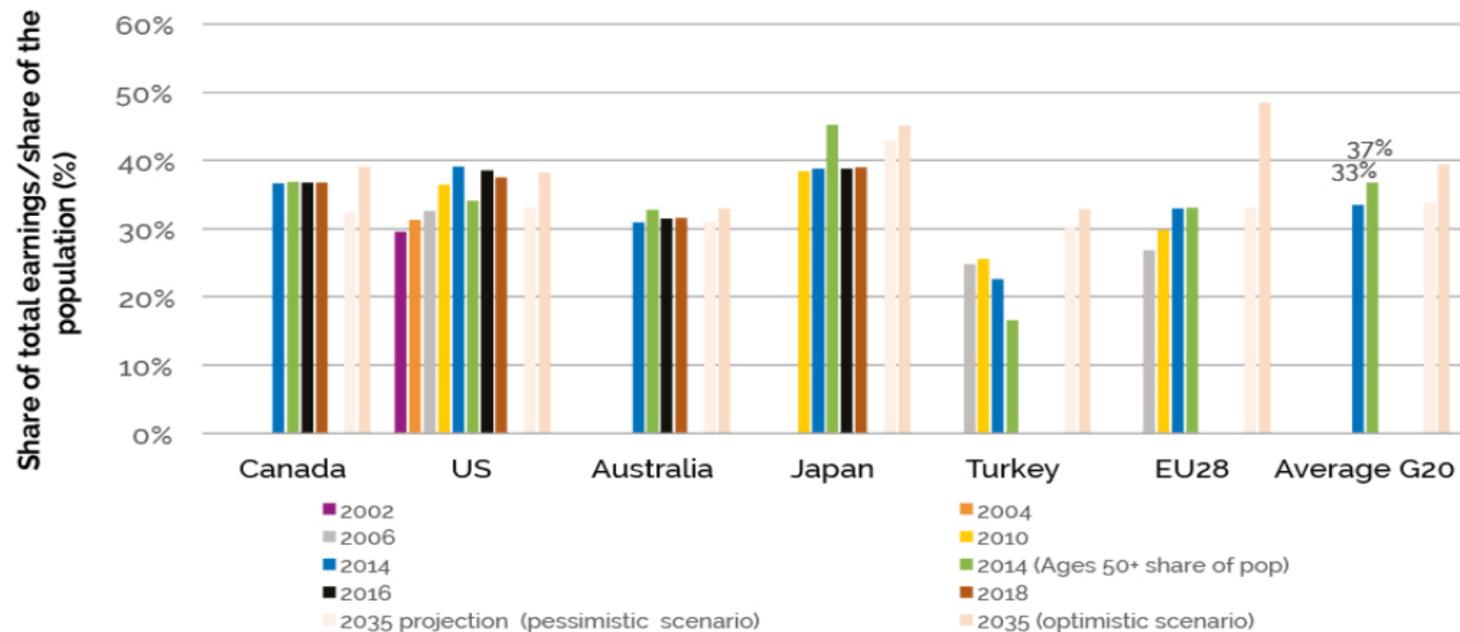
Estimated and projected employment rate, by age, in G20 members (2001 to 2035)



- Employment rates at ages 50-69 may nearly catch-up with younger age groups by 2035
- Benefit all generations
- G20 workforce is ageing: around 30% of the workforce is aged 50+. Could be 40% by 2035.

1 in 3 dollars earned by ages 50+, could be 4 in 10 by 2035

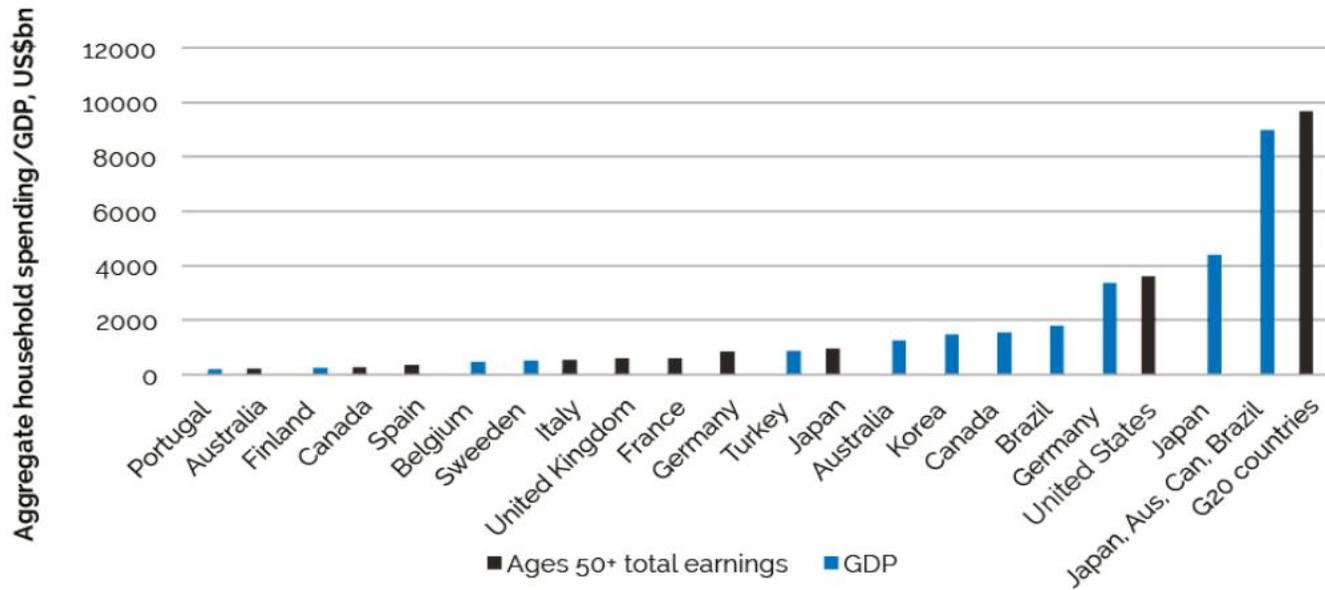
Gross earnings of those aged 50 and over, as share of total earnings for G20 members (2002 to 2035)



- Workforce trends mean the earnings of older people are significant & growing.
- On average, across G20, every **third dollar is earned by people aged 50+**.
- Accounting for a growing share of economy. Could earn every **4 in 10 dollars by 2035**.
- But significant variation across countries

Older people's spending & consumer market share is rising across countries

Aggregate consumption for households aged 50 and over in G20 countries (2015)



- Older households' spending grew by 9% and market share rose from 54% to 56% (2010 to 2015).
- Sizeable on a global scale: In 2015, older HHs spent US\$ 9.7tn > GDP of Japan, Australia, Canada and Brazil combined.
- More older consumers + average consumer is spending more.

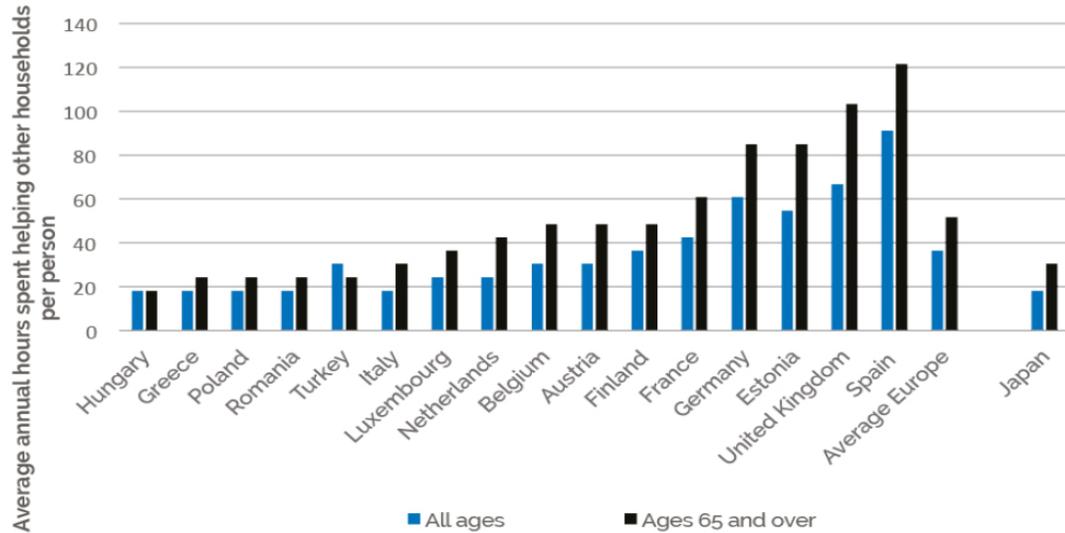


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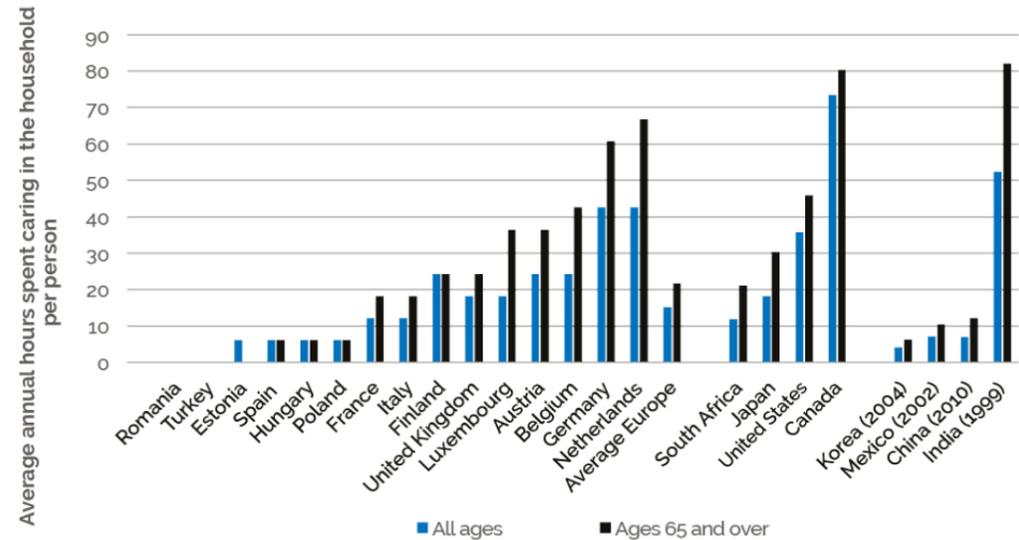
**Our economies are increasingly
reliant on older consumers.**

Adults aged 65+ spend more time cf to other ages volunteering or caring

Average annual hours spent caring in the household, by age, in G20 countries (2010)



Average annual hours spent volunteering by age in G20 countries, in Europe (2010) and outside of Europe (other years)



Unpaid contributions by people aged 50+ in the EU and Turkey averaged **1.4% of GDP** in 2010 (>EU defence spending) & 0.7% by ages 65+.

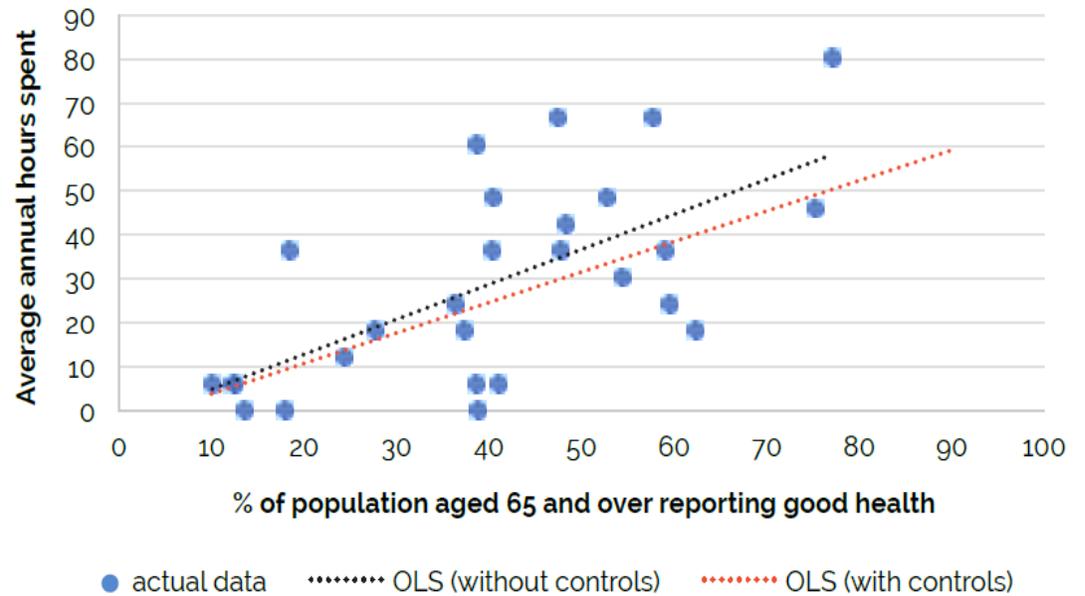


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Health may be a key factor in explaining variation in older peoples' economic impact

- **Employment rates and rates of spending at older ages are higher in countries that:**
 - spend more on health as a % of GDP
 - have higher flu vaccination rates
 - have healthier older populations.
- Older people spend more time **volunteering** in countries that:
 - spend more on health & older people are healthier.
- & **looking after grandchildren** more in countries with healthier older populations
- (once relevant factors have been controlled for)

Association between self-reported health and volunteering for people aged 65 and over, across countries



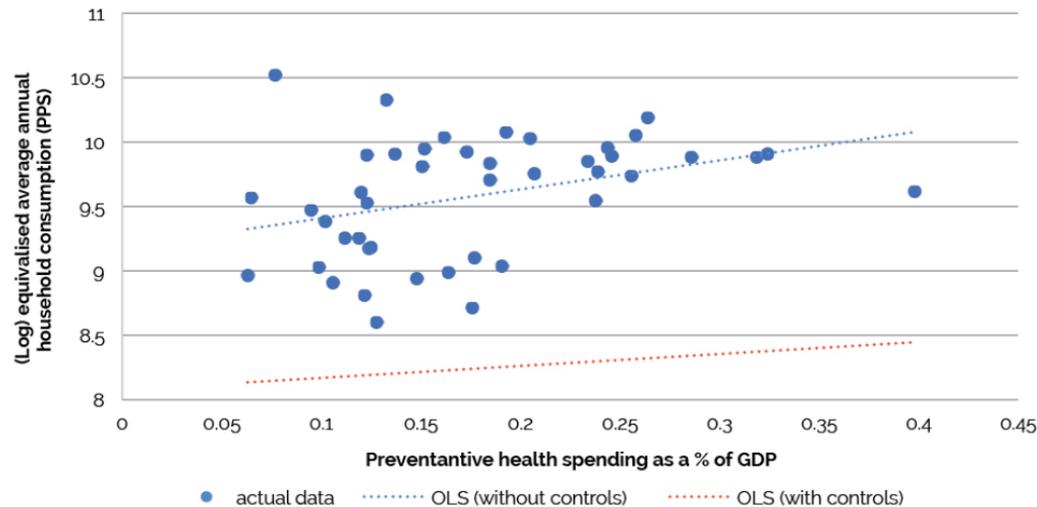
Health underpins a longevity dividend

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Prevention not only lowers treatment costs; it supports wider economy. Health = wealth

The association between preventative health spending and consumption at ages 60 and over, across countries



An increase in prevention spending by 0.1 pp is associated with a 9% increase in spending by older people per year (would add \$180bn to the US in 2015 ~1% of GDP) & 10 more volunteer hours per older person each year (a 50% increase in annual hours volunteered by older people in Europe).

Investment would pay for itself: Mckinsey estimate an economic return of \$2-\$4 for each \$1 invested in improving global health (mainly via known preventative health interventions).

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But spending on prevention is low, health inequalities high & policies are fragmented.

We need to do more.

- Preventative health spending far too low: Canada (2018)- 6% - most G20 economies <2.5%.
- Health inequalities are wide & growing in some countries (e.g. UK and the US).
- COVID has strengthened the case for investing in prevention - unique moment.
- Not just health - non-inclusive products, services, town centers and communities hinder older people's ability to spend, work, volunteer & support their wider communities.
- Fragmented policy. G20 leaders' commitments on ageing constitute **only 0.35%** of the G20's commitments.

We need a more coherent and structured approach.



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Ageing society new deal

1. Invest in health and recognise its economic value

- Increase spending on preventing poor health & tackle health inequalities
- Complementing GDP with a measure that factors in health when measuring growth

2. Support work in an ageing and changing world

- Incentivize employers to reduce the barriers to working in later life & empower all generations to have fulfilling & longer working lives
- Invest in lifelong learning

3. Unlock opportunities to tap into older people's growing power as consumers

- Support businesses to capture an ageing consumer market & barriers to spending locally
- Recognize opportunity to invest in health and formal care.

4. Recognise and support unpaid contributions

- Recognise and measure unpaid contributions & social/econ benefits
- Support informal carers and involved grandparents
- Enable & incentivise volunteering at all ages.



Conclusion

Too often fixate on the economic costs of ageing.

- But the economic & social contributions of older adults:
 - working, earning, spending & unpaid contributions (volunteering, caring, looking after grandchildren).
- Are significant and are growing as our populations age.
- But we can do more to maximise these.
- Good health is key - can unlock all these contributions. Urgently need to invest in **preventative health**, to maximise the link between **health & wealth**.
- Ageing policy is fragmented: need an Ageing Society New Deal.

Let's use the shift in mind-set created by COVID to raise the funds today, to make our economies more resilient to COVID & realise a longevity dividend tomorrow.



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