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Dependent Once Again: The Aging Population in Latin America

As children, we depend totally on other people. We would not survive without the help of our parents, grandparents, or other adults. Most of us eventually achieve some degree of economic freedom, and sustain ourselves. Psychologically and economically independent or functional, we work, produce, and are remunerated by the economic system.

When we reach advanced old age, we become dependent once again. We lose a percentage of our autonomy in both urban (within the community) and domestic (at home) settings.¹ Expectations and functional relationships with younger generations become strained—creating a generational conflict based on a person's ability to function and manage income and heritage.

In 2012 I moved to Rio de Janeiro, Brazil to conduct an in-depth study of the experience of the thousands of elderly people who live there. The results foreshadow what life will be like for today's Millennials when they are elderly, retired, and dependent. The study resulted in new information related to the Very Advanced Aging phase (age 80+), when a sometimes sudden need for increasing care occurs, as people face acute loss of mobility and function.

The aging projections for Brazil are alarming, especially for Generations X and Y, who will make up the bulk of the aging contingent after 2030. By 2020 there will be more than 21 million people aged 60+ in Brazil, and by 2050 these elderly will represent about 30 percent of the total population. The aged 65+ population will continue to increase at high rates throughout the world, greatly exceeding those under age 15.²

Yet very few Millennials think about what will happen to them in advanced old age. When I asked a friend of that generation, he replied, "I never ask, my stomach hurts when I try to think about it." Why do we react with denial when thinking in economic terms about the last stretch of our lives? We live in a time of accelerated

transformation, and trends such as increased longevity threaten the very foundations of society. Aging will have a profound impact on economics, labor, and education; and the insurance industry will play a critical role in this mega transformation. Each company and individual needs to ask how they will react to this aging process, and how they can better adapt.

The drastic decrease in the birth rate will also affect institutions and organizations that do not know how to adapt and adjust their strategies. Among the most vulnerable will be those that make up the labor market as—due to the crisis of the pension system—people aged 65+ are forced to return in bulk to the labor market. This in turn will put pressure on related systems, such as health and benefits.

Until 2015, working age groups (ages 25 to 64) in Brazil presented quite significant growth rates (1.6 to 2 percent per year); however, they are now declining rapidly, and between 2045 and 2050 will reach an explosive negative variation.³ If we are optimistic as an industry, this represents an immense opportunity—to educate younger generations, as well as anticipate the needs of pre-retirees. It is only a matter of time until we see an increased demand for longevity insurance and other long-term care products. The challenge is for agents and distributors to cultivate the specific knowledge and skills needed to communicate those needs to consumers.

To assist with this ongoing knowledge, LIMRA and the Society of Actuaries will begin to study trends in retirement for six Latin American countries. This information will allow us to better understand the perceptions and behaviors of pre-retirees and retirees—to help the industry face the future of aging—as clients respond to ever-lengthening work, retirement, and longevity. 🌐

¹ Shephard, Roy: *Gender, Physical Activity, and Aging*, CRC Press, 2001.

² "Index of Older Adults of Selected Countries 2010 and 2025," *United Nations World Population Prospects*, 2016.

³ IBGE, Brazil, 2014.