Old-age pensions in the Pacific: ensuring dignity in later life

Caregiver Siutiti Osamu brushing the hair of Vika Tuifua in Tonga.
Photo Credit: Asian Development Bank

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In Fiji, the Social Pension Scheme pension is having a huge impact on reducing poverty, with analysis suggesting poverty among older persons would be around 40% higher without the scheme.

The pension supports more than 58,000 older people and, for many households, this support is essential. A recent community-level survey of 1,365 pension recipients found that 72% are the sole income earners within their households.

At the household level, the impacts are tangible.

“The pension enables recipients to transition into more private, secure and improved living arrangements, improve sanitation and improve access to more reliable water sources,” said Eseta Nadakuitavuki, former Permanent Secretary for the Ministry of Women, Children and Social Protection in Fiji.

“The allowance primarily supports essential household needs, health and social responsibilities, reflecting how the pension enhances the well-being of recipients and their families.”

Supporting older people is an increasing priority for many Pacific Island countries.

While the region has a youth bulge, its population is gradually ageing due to people living longer and declining fertility rates.

People aged 60 years and over are expected to increase from 18% of the region’s population in 2022 to 24% by 2050, according to the UN Asia-Pacific Report on Population Ageing 2022.

“Ageing has implications for growth, public finances and living standards,” said Philip O’Keefe, Professor of Practice, Centre for Population Ageing Research at the University of New South Wales.

"The risks of financial insecurity in old age are really significant."

"Informal sources of support for older people are also coming under strain due to falling fertility, migration and shifting social norms."

This highlights the importance of government mechanisms to improve the financial security of old-age populations, including a mix of social pensions and contributory schemes.

A Kiribati couple stand together outside their home in South Tarawa, where the woman, who is blind, navigates daily life with help from her family (P4SP/Sarah Francis)

With a social pension, governments provide regular and predictable monthly cash transfers to older people using general government revenues (funded collectively through taxes). This differs from contributory pensions, which are financed by contributions from employers and employees, mainly benefitting those in formal employment.

In the Pacific, contributory pensions often fail to reach those who need them most. High levels of informal employment, particularly among women, mean that many people are excluded from these schemes altogether. Even for those covered by such schemes, contributions may be irregular and liberal early withdrawal rules mean many reach retirement age with low accumulations. These are largely paid as lump sums which are exhausted well before advanced age.

Coverage rates are very low in most Pacific Island countries, such as Papua New Guinea (3%), Kiribati (15%), Solomon Islands (16%) and Samoa (25%), leaving most of the population without sufficient income support in old age. This particularly affects women, who have lower labour force participation compared to men and are more likely to work in the informal sector. This is further compounded by the fact that women who obtain formal employment tend to earn less than men and have more employment breaks due to child-rearing responsibilities.

“High labour market informality complicates the challenge of building robust pension systems which can promote financial security in old age,” said O’Keefe.

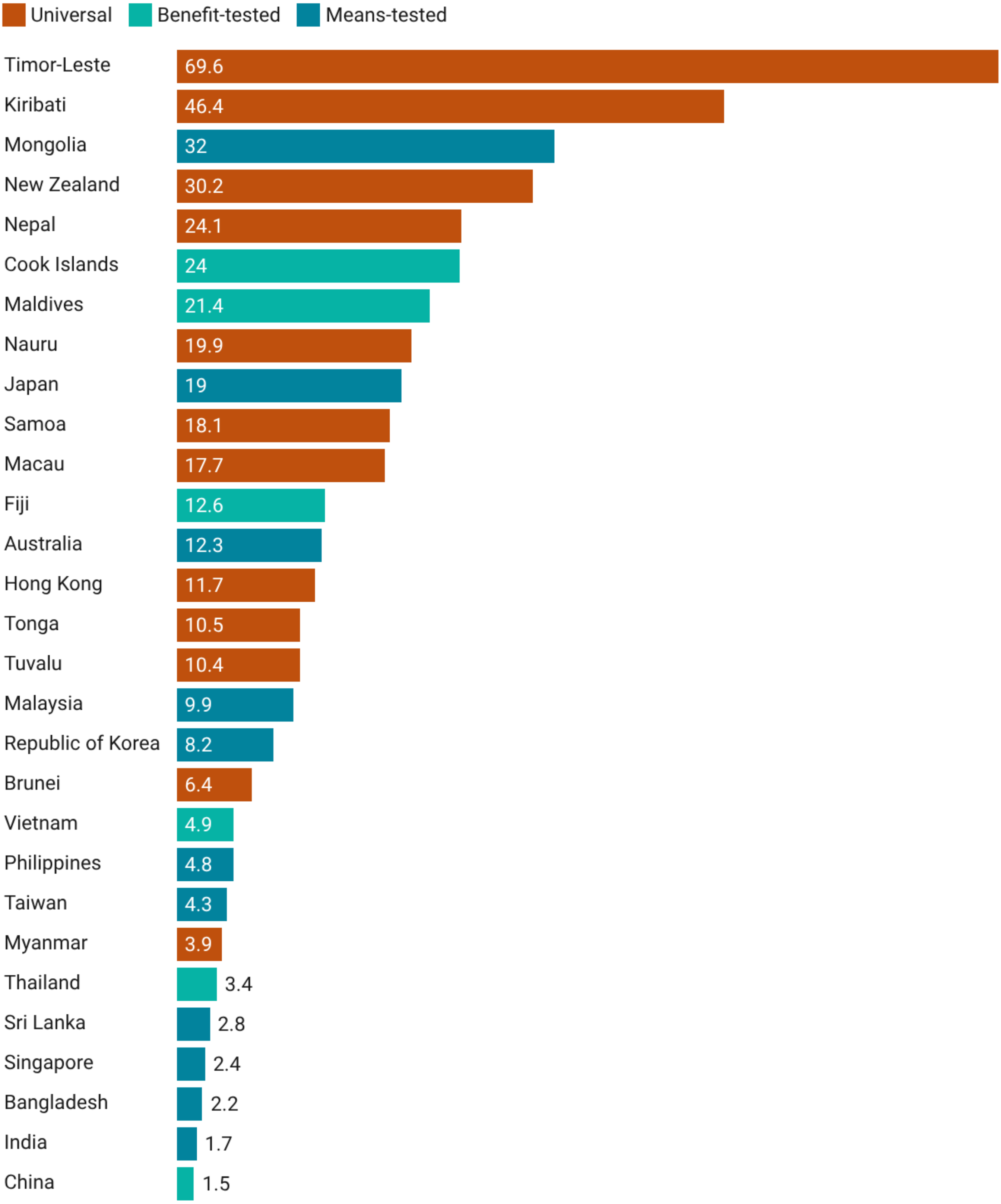
Social pensions are therefore critical for filling this gap.

Pacific governments are already investing in social pensions.

The most common approach is universal social pensions, which are offered to all citizens who meet the eligibility age, typically between 60 and 67 years in the Pacific.

Many countries across the region — including Kiribati, Cook Islands and Nauru — provide social pensions with benefit levels exceeding the recommended benchmark of 15% of GDP per capita, reflecting strong commitments to income security in old age according to Development Pathways’ research on tax-financed pensions in the Asia-Pacific (Figure 1).

Figure 1: Social pension benefit value as a % of GDP per capita



Source: Development Pathways • Created with Datawrapper

As a result, pension systems within these countries now reach over 90% of people aged 65 years and over, which is mainly attributable to their sizeable investment in social pensions.

Evidence shows social pensions are redistributive and pro-poor, with benefits extending beyond individuals to households and communities. Incomes are much higher for those benefitting from a social pension (for example, in Korea, India and Brazil) and they help mitigate inequality, as well as improving physical and cognitive health, well-being and life satisfaction among recipients (for example, in Cook Islands, China and Singapore). Social pensions also have positive spillover effects, with pensioners seen to invest more in the health, education and nutrition of their grandchildren (for example, in China, Cook Islands and Thailand).

Achieving high coverage while ensuring benefit adequacy and fiscal sustainability is complex.

“A pension should reach a country’s full elderly population and be set at a high enough amount to have an impact on wellbeing,” said Karishma Huda, Team Leader, Partnerships for Social Protection.

“The cost for the government also needs to be affordable, especially as populations age.”

Gradual expansion has proven to be an effective strategy for several Pacific Island countries to ensure that social pension investments are fiscally sustainable.

“One option for countries is to slowly reduce the age of eligibility, as many countries have done globally. Kiribati and Tuvalu, for example, started with an eligibility age of 70 and decreased it over time to 60 years,” said Huda.

Fiji’s experience shows a social pension works best when it is part of a broader support system.

In Fiji, the Social Pension Scheme sits alongside the Transport Assistance Scheme, (contributory) provident fund, Golden Age Homes, assistive devices for elderly people with disabilities, and a free medicine scheme for social welfare recipients.

“We’re working to further integrate contributory and non-contributory schemes to strengthen the multi-tiered nature of the system,” said Nadakuitavuki.

Inclusion does not end with providing cash support.

“The operational processes for implementing and managing the social pension scheme are critical for ensuring inclusion,” she said.

“Dignity, rights and equity are at the heart of service delivery.”

Fiji has also used its social protection systems to respond quickly in times of crisis. During Tropical Cyclone Winston and COVID-19, the government delivered emergency cash top-ups to pension recipients. After Cyclone Winston, $300 payments reached pensioners within one month.

As the Pacific's population ages, well-designed social pensions will continue playing a critical role in reducing poverty and ensuring dignity in later life.

This article is based on a panel discussion, The economics of ageing: coverage, costs and impacts of pensions*, at the 2025 Australasian AID Conference on 4 December 2025.*

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