

65 YEARS WAGE, COST AND FINANCE IN TURKEY¹

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Abstract: While World Health Organization took into account the age limit as 60 years in the 1970s, as today's retirement age is 65 years in industrialized countries. The number of elderly people, which is an important part of social life, is increasing every year. Furthermore, it is necessary to take measures to meet needs of the elderly population. Thus, a part of the needs of the elderly for the social state principle needs to be met by the state. It is taken for a measures that 65 years wage is paid for old people in our country for their life. Purpose of the study, is to compare the 65-year-old pension applied in our country with the similar practices in the world, but also to increase the share of the elderly in social life. In the research conducted, while the number of elderly people 65 years wage was 363.747 in 1977, it increased to 797.426 in 2011. Furthermore, while the 65 year wage was paid 76,47 TL in 2007, it increased to 212,30 TL in 2016. As a result of the work, it is seen that wages increase and care services increase in order to meet the needs of the elderly in our country.

Keywords: Wages, Social policy, Cost, Household finance

Jel Codes: J30, J10, H51, D14

1. INTRODUCTION

Aging is both chronologic and physiological fact. Aging is a process, which starts with insemination and continues lifelong. It is not possible to determine a certain age limit for the beginning of old age. As this shows a change according to society, a certain period of the same society and education level of individuals lived in the same society and economic conditions; it also shows individual differences according to gender, physiological, psychological age (Kalinkara, 2011: 10; Fadiloglu, 2013: 159). While, World Health Organization took in consideration the age of 60 as the old age limit, today as industrial countries accept the age of 65 as the retirement age, the age of 65 is seen as the old age limit (Kalinkara, 2011:10). While World Health Organization took into account the age limit as 60 years in the 1970s, as today's retirement age is 65 years in industrialized countries. While the number of people aged 65 and over in the world population was 150 million in 1960, it is 421 million in 2000 and 609 million in 2015 (WB, 2016).

In our country, a population projection suitable for the definition of "aged society" is expected in the coming years (Karadakovan, 2010: 113). 90% of elderly people who are the age of 65 and older in our country usually have a chronic disease, 35% have two, 23% have three, 14% have four or more than four chronic disease and it is reported that 85% of aged people constantly use medicines (Solmaz and Akin, 2009: 73; Dudak et al., 2006: 203). Within the scope of health services, service and care facilities for aged

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cannot be adequately presented with planned efforts. In addition to economic and social challenges, physical and mental health problems are prevalent in old age (Ardahan, Arabaci and Limoncu, 2015: 29; Wiles et al., 2012). Therefore, the old age period is a field that requires protection and care and needs to be handled in multiple ways (Egging et al., 2017: 63-64).

The aging population in the total population increased the number of young people who lost their lives in the 20th century wars (Seyhun, 2006: 1). Even though the female population is higher than the male population, the birth rate has decreased due to the decrease in the male population and the number of the elderly population for the society has increased. Apart from the economic needs of the elderly, it should also be taken into account that there are psychological and biological health problems (Altan and Sisman, 2003: 3). Thus, the increase in the number of elderly people causes their various needs to increase (Tasci, 2010: 177). This makes a significant contribution to the development of the behavioral economy for the elderly (McConnel, 2013: 83). Although older people do not have as much needs and desires as young people and adults, they have specific needs for their own ages (Dural and Con, 2011: 484). Meeting the needs of the elderly is closely related to socioeconomic status (Lei et al., 2014: 29). From this point of view, it is necessary to make legal arrangements to meet the increasing needs and needs of the elderly population, which is required by the social state principle (Colak and Ozer, 2015: 116).

It is given in Table 1 that the number and age distribution of 65 year olds in our country in 2010. Because the following years could not be found.

Table 1: Distribution of elders for genders

Age	Men	Women	Total
65-69	50.780	83.380	134.160
70-74	75.380	130.100	205.480
75-79	88.905	133.640	222.545
80-84	54.209	114.529	168.738
85-89	22.100	56.904	79.004
90-94	4.145	19.403	23.548
95-99	1.387	9.305	10.692
100 +	404	4.255	4.659
Total	297.310	551.516	848.826

References: SEI, 2011.

When the table is examined, it is seen that 35% of old-age pensioners are composed of men and 65% of them are women. The elderly aged 70-79 years are accounted for 46,1% of the total elderly population. The number of elderly people over 70 years constitutes 84,19% of the total elderly population. Therefore, although it is expressed as

a 65-year-old pension, the number of those who are 65 years old constitutes a maximum of 15,81% of 65-year pensioners.

While the total population of our country was 16.158.000 in 1935, 628.000 of these populations, in other words at the rate of %3,9, consist of the elderly population. When 2014 figures examined, it was seen that while the total number of population was 77.696 thousand, the elderly population was 6.193 thousand in 2014. 8% of the population consisted of aged the year of 2014. It is seen that elderly population increased more than twice in approximately 80 years period between the years 1935-2014 (TSI, 2015: 7).

The number of elderly in population increases both our country and the world each passing day. While the proportion of elderly to total population was 3,5% in our country, the world average was 4,98 in 1960. On the other hand, It is about 3% of GDP in 72 million retires in China (Lu et al., 2014: 83). Considering that data of 2014 of the same rate, it was 8% in our country; the world average was 8,25%. Therefore it is determined that elderly population increase in our country and it comes close to world elderly population average (WB, 2015). The number of elderly people in the population is increasing day by day both in our country and in the world. The ratio of the elderly population to the total population in our country in 1960 is 3,5%, while the world average is 4,98%. When we look at the same ratio in the year 2014, it is 8% in our country and around 8,25% in the world average. It is therefore recognized that the elderly population in our country is increasing and approaching the average of the elderly population in the world.

2. 65 YEARS WAGE

According to Social State Principle, our state put ages 65 or older who don't have revenue and aged who deprive of caretaker in the place they live on salary called "65 years wage". 65 years wage is a service offered by the state to citizens, as long as they live, it pays (Camkurt, 2014: 80).

Old persons who have conditions of 65 years wage have to apply for Social Assistance and Solidarity Foundation of place where they reside according to the central registration system. According to regulation, old people who want to make wage application about The Wage Connection to Needy, Weak and Lonely Turkish Citizens and Disabled and Needy Turkish Citizens who filled 65 age, whatever the name, based on all kind of total revenues, people whose average wage income per person in household less than 1/3 the net wage amount of the minimum wage for adults over the age of 16 and people who is not possible to provide much income have to carry needy condition in implementation of the law no 2022 (Law, 1976).

According to related regulation, aged who applies to 65 years wage have to apply by rights defined at below. Applications should be personally and written if the legal representative make an application, warrant of attorney example should add to Wage Application Form is filled up and sign during the application. While aged wage application is making, any document is requested. Aged who makes application is examined whether they fulfill the conditions defined on legislations. For example, neediness score is made in order to gain right to get wage and in the result of the evaluation, the wage is connected to aged who has revenue under neediness limit. In addition, aged who apply to wage is subject to social examination. Environment research is made by visiting the home of residence of aged. Social examination of aged who continue to get wage renew every year for regulation reasons.

Necessary review and evaluations are necessary to settle on next month after application. In wage applications resulting positive, aged gain right to get a wage from the following month. Wage pay on a quarterly basis in cash. Wage amount which will pay is calculated with the multiplication of 2.332 indicators with index of civil servant wage.

3. COST AND FINANCE OF 65 YEARS WAGE

Because there is no statistics belong to 2012 and next years on the web page of Republic of Turkey Social Security Institution, total wage amount which pays in one year and the number of aged who get 65 years wage are calculated in the 1977-2011 period. The number of people who get 65 years wage and the annual total of paid wages are given in Table 2.

When table 2 is examined, there are 363.747 people for 65 years wage in 1977 and was paid 2.352TL for them. The 65-year-old wage was given to 938.677 people in 2005. In 2011, 979.832.477 TL were paid for 65 years wage to elders.

Table 2: Paid Amount to People Getting Age Wage

Years	The Number of People Getting Wage	Total Paid Amount (TL)
1977	363.747	2.352
1978	514.636	8.121
1979	519.294	7.861
1980	632.755	12.560
1981	679.643	12.855
1982	705.885	14.965
1983	725.333	17.110
1984	564.645	17.987
1985	534.185	20.728
1986	508.415	26.122
1987	488.874	26.746
1988	473.917	37.297
1989	454.801	63.398
1990	455.124	187.647

1991	458.492	258.489
1992	510.155	1.174.830
1993	586.202	2.019.457
1994	625.659	2.602.561
1995	642.476	3.443.017
1996	650.381	6.825.269
1997	670.257	12.360.695
1998	682.985	35.568.925
1999	700.583	73.265.459
2000	709.356	108.239.565
2001	716.778	163.065.131
2002	746.468	234.766.133
2003	770.204	551.986.450
2004	792.046	585.861.163
2005	938.677	664.500.168
2006	927.077	747.351.964
2007	903.283	914.666.075
2008	867.035	948.487.998
2009	859.516	905.305.079
2010	848.826	963.899.779
2011	797.426	979.832.477

References: SEI, 2011 and TSI, 2015

Required by related legislation, the civil servant salary index multiplied by 2,332 indicators and calculated the 65 years wage. 65 years wages which calculated with the civil servant salary index notified by the General Directorate of Budget and Fiscal Control of the Ministry of Finance are given in Table 3.

Table 3: 65 Years Wage Amount (TL)

Years	65 years wage
2007	76,47
2008	80,70
2009	88,64
2010	94,63
2011	102,40
2012	113,74
2013	122,01
2014	124,74
2015	131,37
2016	212,30

References: Own

As it is in civil servants, because of every year in January and July salaries rise, the wages defined in the table are calculated by yearly average. The wage amount increased at the rate of 62% with the wage increase for 65 years wage in 2016. 65 years wage amount for 2017 is 226,56 TL in accordance with the provisions of the collective agreement in 2015. The wage of 65 years is 76.47 TL in 2007 and 212,30TL in 2016. It is seen that old age wage in our country increased at the rate of 177,64% in 2007-2016 period. Therefore, it seems that the state has made a high raise in order for the elderly to get more comfortable.

The ratio of the total wage paid by the State to seniors under the age of 65 in the period of 1977-2011 is given in Table 4 below (Gross Domestic Product). Since the total salary paid for aged in 2012 and later cannot be reached, the table is not included.

Table 4: GNP / 65 Years Wage Rates in Turkey (%)

Year s	GNP / Age Pension Rate	Year s	GNP / 65 Years Wage Rate
1977	2,15	1995	0,44
1978	4,97	1996	0,46
1979	2,76	1997	0,43
1980	2,40	1998	0,68
1981	1,63	1999	0,95

1982	1,43	2000	0,87
1983	1,23	2001	0,91
1984	0,82	2002	0,85
1985	0,59	2003	1,53
1986	0,51	2004	1,36
1987	0,36	2005	1,36
1988	0,29	2006	1,30
1989	0,28	2007	1,07
1990	0,48	2008	1,00
1991	0,41	2009	0,95
1992	1,07	2010	0,87
1993	1,02	2011	0,76
1994	0,67		

References: Own

It corresponds to 2,15% of the total monthly GNP paid for aged in 1977, but falls to 0,76% in 2011. The highest rate is 1978 with 4,97%, while the lowest is 1989 with 0,28%. It is observed that despite the fact that our country's economy grows day by day and the world has become one of the 18th largest economy, the wage paid for old people has fallen below the economic growth. The 35-year average of the GNP/65 years wage total monthly ratio for 1977-2011 period in Turkey is calculated as 1,11%. Therefore, the rate in 2011 remains well below the average. Thus, it is concluded that the 65-year-old pension the state paid to the elderly is lower than today's standards. In addition, the 65-year-old pension applied in our country is not implemented in our country as it is integrated into the pension system in many states. In addition to this, salaries and other facilities of our state connected with aged society according to social state principle are presented in many countries. Because there are not a wage under the name of 65-year wage in the world, it is not possible to comparison our country-specific this situation.

The ratio of the sum of pensions to the Gross Domestic Product in Turkey is given in Table 5 for 2004-2015 periods.

Table 5: Pension Payments / GDP Ratio (%)

Years	Pension Payments / GDP Ratio
2004	6,32
2005	6,54
2006	6,37
2007	6,67
2008	6,58
2009	7,54
2010	7,58
2011	7,46
2012	7,93
2013	8,24
2014	8,33
2015	8,72

References: MD, 2016

The salary paid to retirement pensions in our country to Gross Domestic Product increased from 6,32% in 2004 to 8,72% in 2015. It can be seen that pensions in the period of 12 periods given in the table are increased by 37,84% in the total income. Therefore, it is seen that the share of pension payments in Total Gross Domestic Product increases in our country in 2004-2015 period .

4. OLD AGE WAGE IN THE WORLD

Pension systems vary in every country of the world. According to the development level of the countries, income distribution and socio-cultural factors, pension systems show change. In this section, pension systems and aged wages of countries in the different continents of the world such as the United States, Canada, United Kingdom, Italy, Sweden and Japan explained shortly.

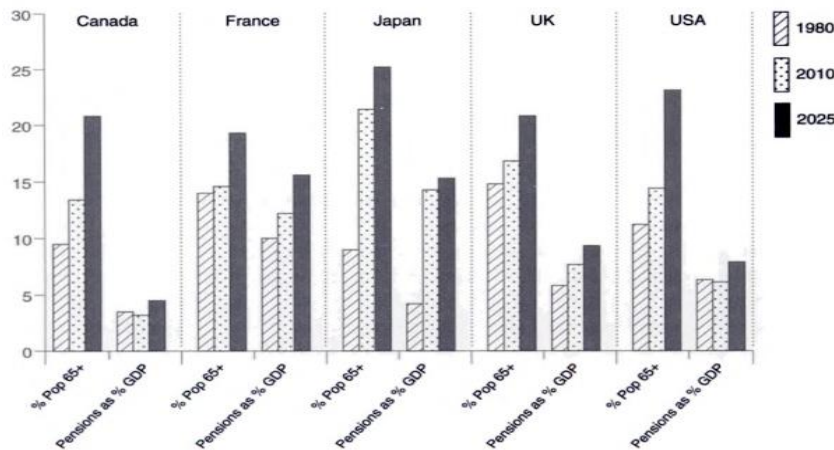
The old-age wage system in the United States consists of two part in for private and public sectors. The state is making general health insurance for every citizen. Some of the salaries of employees are cut for retirement and thus 95% of employees are included in the government pension system. In addition, if there are those who want additional pensions, they can also retire by paying the premium in private pension companies. Canada has a pension system consisting of private companies supported with state and incentives. General health insurance, old-age wage, and tax-supported private pension schemes are present in three categories in the social security system providing by the

state. Citizens are obliged to have general health insurance. However, the share of the state in the pension system is less than in the private sector (Field and Arnaboldi, 2002: 2-5). When examined English pension system, it is determined that it presents less benefit when compared to other countries in the Europe. The pension system in the UK consists of state and private sector. Pension reforms have been made for those who have low incomes. In general, it is aimed to raise personnel saving by reducing public spending in the UK, the role of the private sector in the pension system is strengthened.

In Italy, the pension system consists of two parts in for professional and private. Because there are pension systems according to the professions of the employees with premiums deducted from their salaries; there is also a private pension system that is retired by paying premiums. Italy's expenditures for aged correspond to 3.3% of GDP in 2009 (OECD, 2009: 220). Japan's pension system is quite complex, it is formed according to profession branches. Every citizen has individual health insurance. The pension system in Japan is determine by taking in consideration of many variables such as mortality rate, fertility, old age level, demographic factors, interest rates (Beland and Shinkawa, 2007: 352-359). Sweden is known as one of the countries, which has highest prosperity level. Sweden makes their social security regime with the law which enacts in 1982 and creates a social security system for aged, when they retire in order to live better welfare level, however, it loads important role to the local governments (Andren and Gustafsson, 2004: 56).

In Canada, France, Japan, United Kingdom and the United States, the rates calculated by dividing the total salary paid to retirement pensions by gross national income are graphically presented in Figure 1. Figures for 1980 and estimated targets for 2010 and 2025 are included in the graph.

Figure 1: Total Wage / GNP Ratio



References: Wilson, 2000

When the data for 1980 are examined, it is seen that the elderly population is mostly in England, at least in Japan. It is also found that pensions have the highest ratio to gross national product in France and the lowest in Canada. When the targets of the graphical countries in 2010 and 2025 are evaluated, it is estimated that the elderly population will be the most in Japan.

As a result, when world pensions are assessed together, people who fill age limit can retire by investing a specific premium in many countries. It is found that North American countries and Western Europe offer better opportunities than other countries

especially when considered in terms of pensions and offered opportunities (Danis, 2016: 1-4).

5. CONCLUSION AND SUGGESTIONS

It is observed that the wage paid for the aged has risen with every year our country's economy grows. While the salary paid for aged in 2007 was 76,47TL, it was seen that this amount increased to 212,30TL in 2016. In our country, ageds are helped by the state with 65 years wage to meet their own needs of the aged. Although it is expressed as a 65-year-old wage, the number of those who are 65 years old constitutes a maximum of 15,81% of 65-year pensioners. The ratio of the elderly population to the total population in our country in 1960 is 3,5%, while the world average is 4,98%. When we look at the same ratio in the year 2014, it is 8% in our country and around 8,25% in the world average. It is therefore recognized that the elderly population in our country is increasing and approaching the average of the elderly population in the world. While the number of people who get 65 years wage in our country was 363.747 and 797.426 respectively in the year 1977 and 2011. The total amount of wages was paid for aged in the same years were 2.352TL and 979.832.477TL respectively. The salary paid to retirement pensions in our country to Gross Domestic Product increased from 6,32% in 2004 to 8,72% in 2015. It can be seen that pensions in the period of 12 periods given in the table are increased by 37,84% in the total income. Therefore the decrease in the proportion of the aged population and increased role in active life are important for the future of the state.

In view of our aging population is constantly growing, home care services should be actively supported for the aged to live a better life. According to the social state policy, both the central government and the local government will contribute to development of society and the economy by benefit from aged experiences and include them active life cycle. Maresova et al. (2015) also confirm this situation. For this reason, as the development of social policies by making necessary studies and the development of the pension system will raise the living standard of aged, it is expected that it contributes to our countries welfare level. it is expected that the quality of life of the elderly will increase with the increase of the incomes. Health service implementation at home is shortened the length of hospitalization by preventing the accumulation in hospitals and contribute to the country economy by reducing treatment costs. The reduction of health problems of the elderly will cause the decrease of health expenditures. In the direction of these results, home care services show positive developments and families are supported in this direction in terms of material. The development of business fields that will benefit from the experiences of the elderly, it is expected that they will make additional income and contribute to the development of the society.

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