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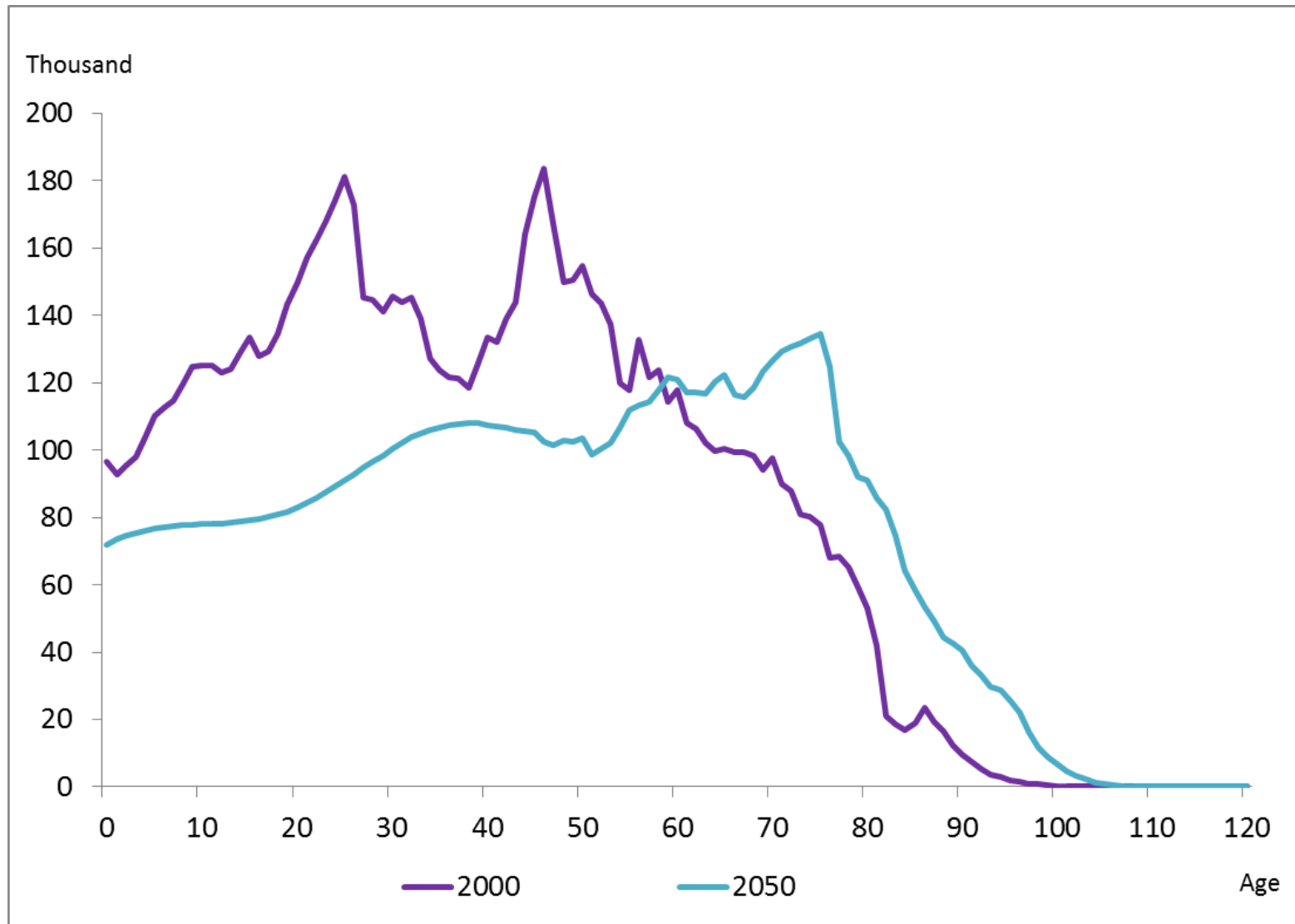
Four Levels of Intergenerational Indicators and the Total Support Ratio

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Changing age structure: the Hungarian population in 2000 and its projection in 2050

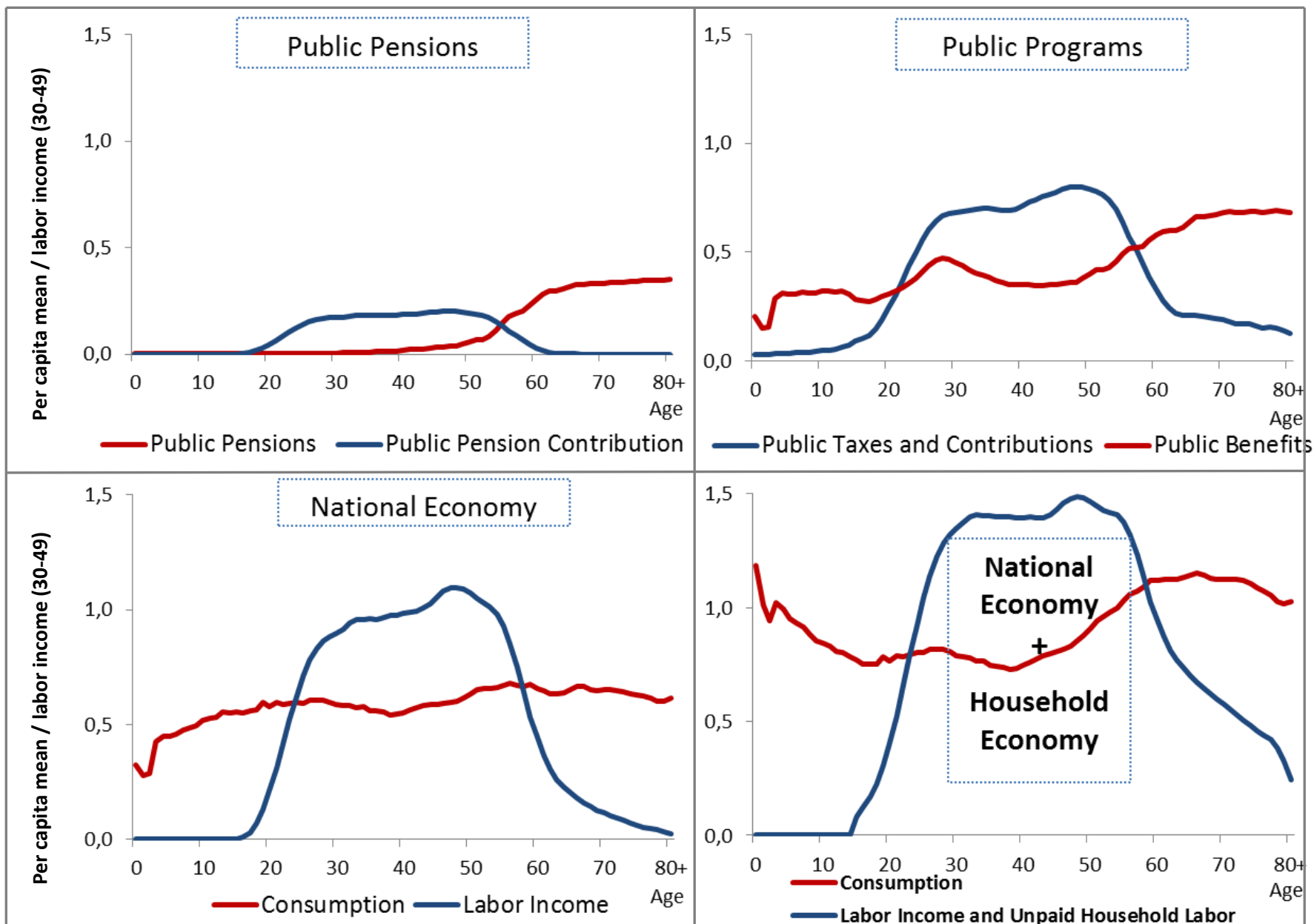


Source: HDRI

The effects of aging

- Changing age structure will change the structure of intergenerational resource reallocation (how economic sources are used and acquired)
- These changes are varying for the different „levels” of intergenerational reallocation, thus the consequences of aging are different regarding:
 - 1. Public Pension System
 - 2. Public Programs
 - 3. National Economy
 - **4. Total Economy = National Economy + Household Economy**

Four Levels of Intergenerational Reallocation

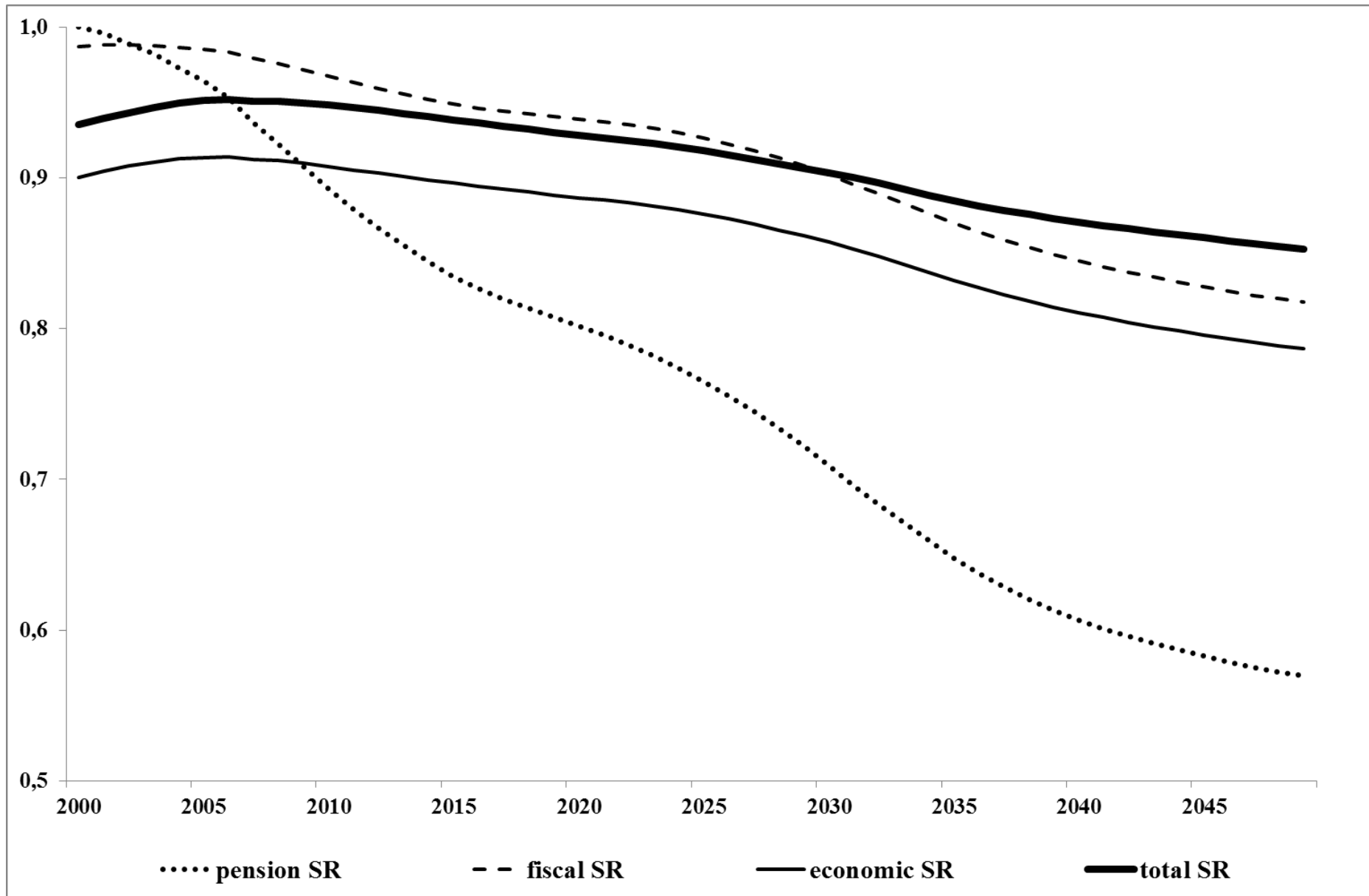


Age profiles from Hungary, 2000. Source: Authors' calculations; Gál, Szabó & Vargha (forthcoming)

Support Ratios on the four different levels following Cutler et al. 1990

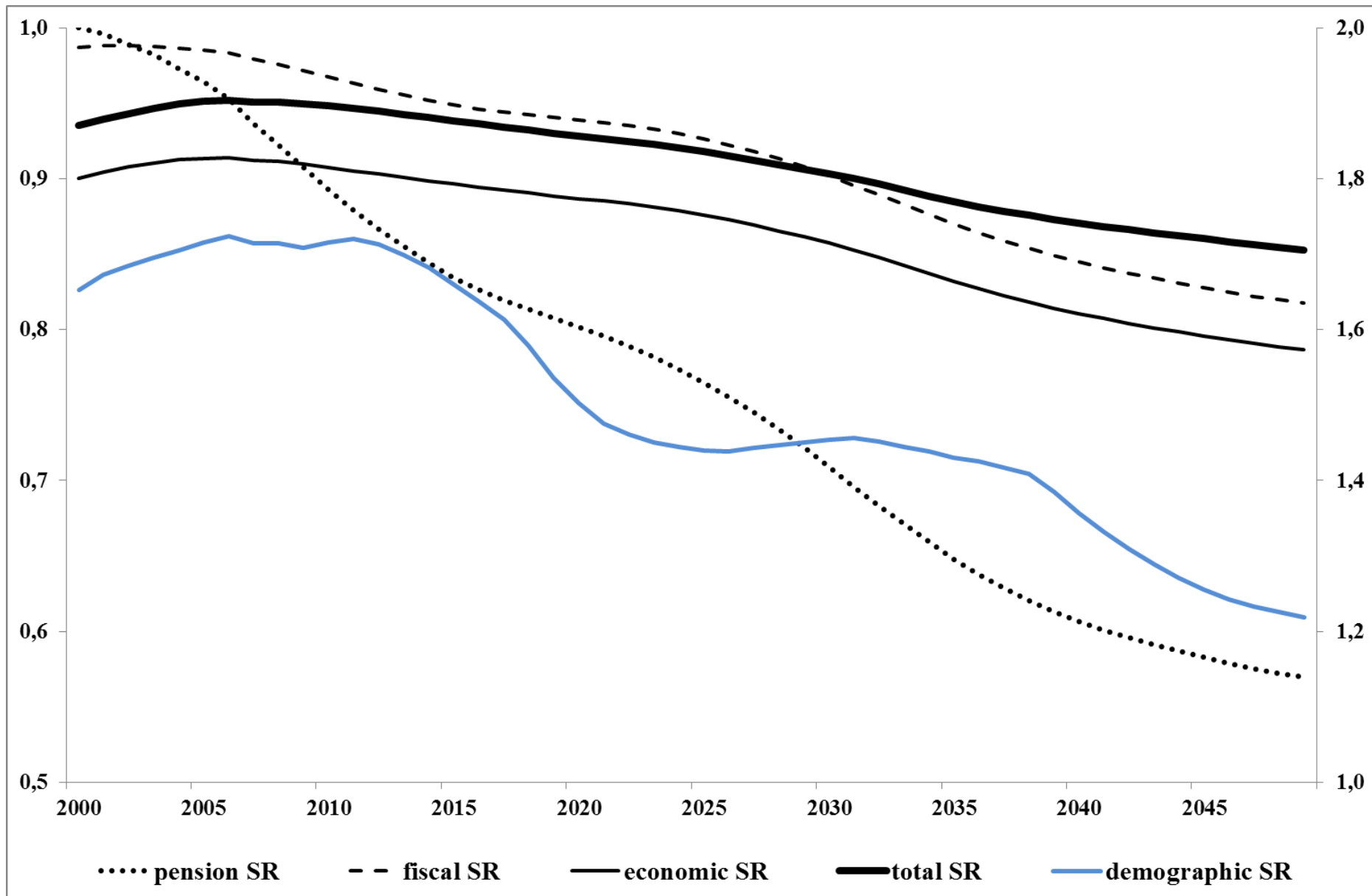
- The support ratios incorporate age-specific variation of production and consumption
- **National economy: Economic SR**
 - Effective number of workers / effective number of consumers (Cutler et al 1990, Lee & Mason 2011, Prskawetz & Sambt 2014)
- **Public Programs: Fiscal SR**
 - Effective number of taxpayers / effective number of beneficiaries (Miller 2011)
- **Public Pension System: Pension SR**
 - Effective number of pension contributors / pensioners
- **Total Economy: Total SR**
 - **Effective number of workers / effective number of consumers (incl. the value of unpaid household labor and consumption)**

Projected Support Ratios



Source: Authors' own calculation

Projected SRs and the Demographic SR



Source: Authors' own calculation

Summary of results

- Once the value of unpaid household labor and consumption is incorporated into the reallocation system the effects of aging become less dramatic
- The family of economic SRs captures the effects of aging better than simple demographic indicators
- The level of economic intergenerational indicators matters
- The Total SR extends the SR with unpaid household labor and consumption



Thank you!



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