

Effectiveness of Social Security Pension Schemes in Caring Self-employed after Retirement in Sri Lanka

Goonatilaka W S M

Sri Lanka Social Security Board
goonatilaka_savithri@yahoo.com

Although a number of employment based social security programs operate in the country, which play an important role for the old age protection, these programs envisage with numerous problems. The main objective of this study is to examine the role of the Social Security Board (SSB) pension programs on the well-being of the retired elderly who were predominantly self-employed in various occupations in Sri Lanka. This research design was a mixed method approach and primary data was collected from 310 elderly pension recipients of the SSB who reside in the Kaduwela Divisional Secretariat Division in the Colombo district.

The results reveal that social security pension scheme currently cover (estimated coverage) nearly 18 percent of Sri Lanka's informal sector working population, but effective coverage is nearly 11 percent (using default rate 40%); the majority of the self-employed do not have formal pension cover. Survey findings discovered that the elders' pension income have positively contributed to enhance socio-economic well-being of the pensioner and their families. However, the scheme has failed to provide adequate income to the retirees. The main weakness of the scheme is related to its sustainability - a sizable proportion withdraws from the scheme before age 60 - defaulting. Therefore, it is important to identify appropriate reforms of the scheme including expansion of coverage, early enrolment, and adequate income for the pensioners. Creation of favourable conditions for the elderly; especially for those who have skills and capacities, to continue their self-employment activities at least for few more years after the retirement, would ensure significant benefits to elderly and their families.

Key words: *Social security, Elderly, Well-being, Pensioner, Reforms*