SHARIL AMIN ABDUL RAHIM/FocusM

One of the ways for older adults to remain active, independent, healthy and productive is to be socially engaged and part of a like-minded community

Caring for our elderly population

THE world is experiencing an unprecedented ageing of the population. Those aged 60 and above account for about 8.4% of our population. Based on current demographic projections, we will become an ageing nation by 2020.

Guest writer

BY KHOO CHUAN KEAT

An ageing nation is defined by Global Age Watch as a country in which more than 10% of the population is 60 years old and above. When that happens, there will be a profound impact on many facets of human life – economic, social and political. Since Malaysia is demographically young in the Asia-Pacific, we can learn from our "older" neighbours such as Singapore, Hong Kong, Japan, etcetera, many of which started facing the issue of ageing populations more than a decade ago.

As a country, we have taken some strides towards addressing the issues of our senior generation by extending the retirement age to 60 so it can continue to contribute to achieving Vision 2020 while keeping itself mentally challenged and earning/saving for retirement. In addition, it was recently announced that a law is shortly to be tabled in Parliament to ensure senior citizens will be cared for with integrity and dignity. The new Aged Healthcare Act is aimed at ensuring there will be a minimum quality of care for aged persons (above 60) in an accessible, affordable and sustainable way.

In terms of tax breaks, there is an annual allowable deduction of up to RM5,000 for medical treatment, special needs or carer expenses incurred by an individual for his/her parents provided they are resident in Malaysia, and the medical treatment and care are provided in Malaysia by a medical practitioner registered with the Malaysian Medical Council. Medical expenses include treatment at clinics, hospitals, nursing homes and dentists' (but exclude cosmetic dentistry). There is perhaps a need to extend the deduction to optical expenses given that failing eyesight is a facet of ageing.

Additionally, the law provides for an annual deduction of up to RM5,000 for the purchase of any necessary basic supporting equipment for an individual's use if he/she is a disabled person, or for the use of his/her spouse, child or parent who is a disabled person. This deduction is currently too restrictive as the individual has to have written certification from the Social Welfare Department. Many elderly people who require such basic supporting equipment may not necessarily have been certified disabled.

Both these measures are clearly inadequate, given the changing demographics against a backdrop of a spiralling cost of living. Health conditions generally associated with older age include not just physiological but also mental and psychiatric issues exacerbated by depression and social isolation.

> "Health conditions generally associated with older age include not just physiological but also mental and psychiatric issues exacerbated by depression and social isolation."

In addition to experiencing a significant drop in their regular income post-retirement, many of the elderly will be faced with the daunting prospects of escalating living and medical costs as they age; both of which will be compounded when the goods and services tax (GST) becomes operative next year. The proposed reduction in personal tax rates is of little consolation as most of the elderly will have a reduced income after retirement. In fact, many will have to depend on their children, who must also provide for their own children.

For a start, a special tax rebate of say 50% subject to a cap of RM5,000 should be given to seniors above the age of 60 as a small measure of compensation against the GST. The rebate should be granted automatically based on tax payable. As in Hong Kong, a monthly old-age living allowance could be given to offset the expenses of elderly people in need of financial support.

In seeking to instil more filial piety in our younger generation, children/grandchildren who provide financial support to their parents/grandparents should be given dependent allowance of say RM12,000 per annum for up to two dependents, which can be shared on apportionment basis if it applies to more than one child. Criteria can include dependents being at least 60 years old and residing in Malaysia. Such an allowance is available in Singapore and Hong Kong, ranging from S$4,000 to S$9,000 and HK$40,000 to HK$80,000 respectively.

To encourage mothers to re-join the workforce and leave their children in the care of their parents/grandparents, a care-giver allowance should be given in addition to the dependent allowance. Again, criteria can include both the parents/grandparents and children aged 12 or younger residing in Malaysia. A similar allowance of S$3,000 per annum is permitted in Singapore.

Many working families are unable to provide the requisite care for their ageing parents/grandparents at home, compelling them to check their elders into residential care. In such an instance, a residential care allowance should be given for the actual expenses of the care home with respect to accommodation, food, nursing and sundry expenses, subject to a maximum sum per annum. Qualifying criteria can include that the persons must be aged 60 and above, and the premises be licensed with the Health Ministry (MoH) as an integrated residential care centre (IRCC). The residential care allowance and dependent allowance can be mutually exclusive, to avoid a duplication of claims. Such allowances are available in Hong Kong at up to HK$80,000 per annum per parent/grandparent.

One of the ways for older adults to remain active, independent, healthy and productive is to be socially engaged and part of a like-minded community. In addition to social and recreational activities, these communities offer continuing education so residents may acquire the skills they need to seek opportunities to stay active physically and mentally. Such communities are very popular in countries like the US, Australia and Japan, where the proportion of the aged in the population is comparatively large.

We should encourage our elderly people to live active, independent and healthy lifestyles in such integrated senior-living communities which incorporate IRCCs licensed with the MoH by exempting them from stamp duties on the acquisition of property and real property gains tax if disposed of by their estate within five years of their demise. These exemptions can be limited to one such property per lifetime.

In celebrating our nationhood of 57 years, we should not forget the generation of nation-builders that has sacrificed the best years of its life to inspire our successes and achievements. Let us acknowledge its contributions by bestowing a special "silver-haired" status entitling persons aged 60 and above to generous discounts/concessions for prescription medication, medical treatment for common illnesses, health screening, selected dental and chronic ailments at participating polyclinics/specialist outpatient clinics as well as for public transport, social activities and classes for the elderly, plus utilities and telecommunications. Singapore and Hong Kong have their "Pioneer Generation" package and senior-citizen card scheme, plus daycare/social centres respectively. Our elderly deserve no less.

All these "asks" may seem staggering but we are just trying to play "catch-up" with other ageing nations in the region. With the GST, the government can afford to be more generous in caring for our elders.

Finally, former US vice-president Hubert Humphreys once said the "moral test of government is how that government treats those who are in the dawn of life, the children; those who are in the twilight of life, the elderly; and those who are in the shadows of life, the sick, the needy and the handicapped". This is the hallmark of a truly caring society. FocusM

__Khoo Chuan Keat__ is senior executive director of PwC Taxation Services Malaysia. He is a frequent writer and speaker about tax and topical issues such as retirement transformation and seniors living. Comments: editor@hckmedia.my