

Social Security Fund Usage and Perception of Elderly People

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Abstract

This study investigates the usage, perception, and experiences of elderly individuals regarding the Social Security Fund (SSF) in Nepal. The primary objectives are to identify how the elderly utilize the SSF, understand their perceptions of the fund, and document their experiences. A mixed-methods approach was employed, combining quantitative surveys and qualitative interviews to provide a comprehensive overview of the SSF's impact on the elderly population in Sainamaina Municipality, Rupandehi District, Nepal. Data were collected from respondents across all 11 wards of the municipality. The findings reveal that perceptions of the SSF among elderly individuals are influenced by personal experiences and economic circumstances. Those receiving regular benefits view the SSF as a vital source of financial stability, primarily using it for essential needs such as food, healthcare, and clothing. However, many beneficiaries consider the benefits insufficient to cover living costs and express concerns about the long-term sustainability of the SSF due to potential policy changes and funding cuts.

Keywords: elderly, social security fund, Nepal, Sainamaina municipality, financial stability

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Introduction

Nepal, a developing nation with a rapidly growing elderly population, has established the Social Security Fund (SSF) to provide financial support to its aging citizens (Ghimire et al., 2024). This research aims to investigate the utilization patterns of the SSF among the elderly, their perceptions of its effectiveness, and their personal experiences with the fund. Understanding these factors is essential for policymakers seeking to enhance the efficacy of social security programs. Sainamaina Municipality, located in western Nepal, is one of the fastest-developing areas, with a population of approximately 80,000. As global populations age, the demand for effective social safety nets becomes increasingly critical. Social security systems are

vital for ensuring financial support for elderly individuals who are no longer active in the labor market. These funds serve as either a primary or supplementary income source, helping retirees cover basic living expenses, healthcare, and other essential needs. However, the adequacy and accessibility of these funds can vary significantly, impacting how elderly individuals perceive and utilize them. The aging population faces numerous challenges, including rising healthcare costs and limited awareness regarding access to these funds. Disparities in education, location, and socio-economic status further complicate this issue..

Research Objective

The primary objective of the study on 'social security fund usage and perception of elderly

people' is to examine the extent to which social security funds meet the financial needs of elderly individuals while exploring their perceptions regarding the adequacy, accessibility, and effectiveness of these funds.

Literature Review

The Elderly Social Security Fund in Nepal, commonly referred to as the Old Age Allowance (OAA), was first introduced in 1994 with the aim of providing financial assistance to senior citizens (National Planning Commission, 2012). The National Population and Housing Census (2011) highlights a demographic shift towards an aging population, underscoring the necessity for robust social security systems. The Senior Citizens Act of 2006 establishes a legal framework for the protection and welfare of elderly citizens, ensuring their rights and outlining provisions for social security benefits. The Universal Declaration of Human Rights (UDHR), particularly Article 25, affirms that everyone is entitled to a standard of living adequate for health and well-being, including necessary social services and security in old age. Additionally, the WHO Global Strategy and Action Plan on Ageing and Health (2016-2020) emphasizes priorities for healthy aging, advocating for sustainable systems that provide long-term care and improve monitoring and research on healthy aging. In Nepal, the elderly security fund is a critical component of the social protection system, offering essential support to older citizens. Despite significant advancements in policy formulation and implementation, challenges persist regarding benefit adequacy, administrative efficiency, and coverage gaps. Existing literature reveals varying degrees of success in social security programs globally. Research indicates that while social security funds are vital for support, their effectiveness is often undermined by inadequate coverage, bureaucratic inefficiencies, and a lack of awareness among beneficiaries (Lawati, 2016). Overall, as Nepal confronts an aging population, it becomes imperative to enhance the effectiveness of the OAA to ensure it meets the growing needs of elderly citizens.

Methodology

Quantitative Component

Sample Size: A total of 150 elderly participants aged 65 and above were selected from Sainamaina Municipality, representing respondents from all 11 wards. **Data Collection:** Data were collected using structured questionnaires designed to capture demographic information, fund usage patterns, and perception ratings regarding the Social Security Fund (SSF).

Qualitative Component

Sample Size: In-depth interviews were conducted with 20 elderly participants using semi-structured interview techniques. These interviews focused on gathering personal experiences and detailed perceptions of the SSF.

Data Analysis and Testing

Following data collection, the quantitative data were transcribed, edited, and processed to address any blank responses. The data were then coded, categorized, and entered into a data sheet for analysis. Statistical analysis was performed using SPSS version 20.0. To assess the normality of the data distribution, a Q-plot was utilized to compare the quantiles of the sample data against those of a specified theoretical distribution. The results indicated that the data points aligned closely along a straight line, suggesting consistency with a normal distribution. Additionally, a reliability test was conducted using Cronbach's alpha to evaluate internal consistency among the items in the questionnaire. The analysis yielded a Cronbach's alpha value in the range of $0.7 \leq \alpha < 0.8$, indicating acceptable internal consistency among the items. This methodological framework ensures a comprehensive understanding of both quantitative and qualitative aspects of elderly perceptions and experiences regarding the SSF in Nepal.

Result and Discussion

The research study titled "Social Security Fund Usage and Perception of Elderly People" yielded significant insights into the demographic characteristics, awareness, usage patterns, perceptions of adequacy, and social and economic

implications of the Social Security Fund (SSF) among elderly individuals in Sainamaina Municipality. Elderly people are looking for housing can be managed in collaborative approach (Mishra & Shah, 2018a; Mishra & Shah, 2018b).

Demographic Characteristics

The study included participants aged 60 to 85+, with the majority (28.6%) falling within the 71 to 75 age range. The gender distribution was slightly skewed towards females, comprising 56% of the sample compared to 44% males. Marital status revealed that a small fraction (less than 1%) were single, while 38% were widowed and less than 5% were divorced. These demographic trends reflect broader societal patterns and highlight the vulnerabilities faced by elderly individuals, particularly among widowed populations.

Awareness of Social Security Funds

Data collected through semi-structured interviews indicated that approximately 70% of elderly participants were highly aware of the SSF and its associated benefits. However, 30% reported limited understanding due to factors such as lower educational levels, rural residency, and restricted access to information. This disparity in awareness underscores the need for targeted educational initiatives to ensure all elderly individuals can fully benefit from available resources.

Usage of Social Security Funds

The primary purpose of utilizing social security funds was to cover essential living expenses, with 65% of respondents indicating that they relied on these funds for necessities such as food, healthcare, and housing. Notably, around 50% reported allocating a significant portion of their income to healthcare related expenses, which include medications and medical visits. However, 25% faced challenges in accessing their funds due to bureaucratic hurdles or delays, highlighting systemic inefficiencies that adversely affect beneficiaries' financial stability.

Perception of Adequacy

Perceptions regarding the adequacy of social security funds revealed a concerning trend: 38% of

participants viewed the funds as insufficient to meet their daily needs, particularly those who depended solely on social security as their primary income source. Conversely, 61% felt that while the funds were limited, they could manage basic necessities. A notable 10% expressed dissatisfaction with the low monthly payments and called for adjustments to account for inflation and rising living costs.

Social and Economic Implications

The findings also highlighted significant social and economic implications for elderly individuals relying on social security (Adhikari et al, 2024). Many participants depended on family support to supplement their income, indicating a reliance on familial networks for financial stability. Additionally, around 15% continued to engage in informal employment to bolster their income, illustrating that social security alone does not provide sufficient financial independence.

Discussion

The study's findings reveal a substantial disparity in both awareness and usage of social security funds among elderly populations. While many individuals are well-informed about their entitlements and actively utilize these funds for essential services—particularly healthcare—the adequacy of these funds remains a pressing concern.

Perception and Awareness. Awareness significantly influences how elderly individuals perceive and utilize social security funds. Those with higher educational attainment or better access to information tend to be more informed about benefits and more effective in utilizing them. In contrast, individuals in rural areas or with lower education levels often struggle with understanding and accessing these benefits, leading to underutilization.

Adequacy of Funds. The perception that social security funds are inadequate reflects broader issues related to sustainability and effectiveness within these programs. Many elderly individuals depend heavily on social security as their primary income source; however, the amounts

provided frequently fall short of covering essential needs—especially healthcare expenses—which is particularly concerning given the aging population's vulnerability.

Economic Implications. The reliance on social security alone proves insufficient for many elderly individuals, prompting them to seek additional income sources such as family support or informal employment. This reliance highlights gaps within the current social security system, which does not always provide adequate financial independence for elderly citizens. Policymakers should consider integrating social security with other forms of support to create a more comprehensive safety net. Easier banking could make it effective (Mishra et al, 2021).

Policy Recommendations

The findings underscore the need for targeted interventions aimed at improving the lives of elderly individuals reliant on social security:

Awareness Campaigns. Implementing educational initiatives by governments and NGOs can help ensure that all elderly people understand the benefits available to them.

Reevaluation of Social Security Payments. Adjusting payments to reflect rising living costs—particularly healthcare—could significantly enhance financial stability for retirees.

Simplified Access. Streamlining processes for accessing social security funds could alleviate bureaucratic hurdles that currently hinder timely benefit distribution.

Support Services. Providing financial counseling, healthcare subsidies, and additional social services can help elderly individuals manage their finances more effectively, reducing dependence on family support or supplementary employment. Even e-governance should be implemented (Bhagat et al, 2022).

Conclusion

While the Social Security Fund (SSF) plays a vital role in supporting Nepal's elderly population, the findings of this study indicate

that current benefits are inadequate for ensuring a comfortable retirement. The increasing number of beneficiaries—now exceeding 3.8 million—combined with rising living costs and healthcare expenses, underscores the urgency for reform in the social security system. The study reveals significant disparities in awareness and utilization of the SSF among elderly individuals, with many lacking sufficient knowledge about their entitlements. This gap is particularly pronounced among those with lower educational levels and those residing in rural areas, where access to information is limited. To address these challenges, targeted awareness campaigns are essential. These initiatives should aim to educate elderly citizens about their rights and the benefits available to them, ensuring that all individuals can effectively navigate the social security landscape. Moreover, the adequacy of payments from the SSF is a pressing concern. With many elderly individuals relying solely on these funds for their livelihood, it is critical to reevaluate the payment structures. Currently set at NPR 4,000 per month, this amount often falls short of covering basic living expenses, particularly healthcare costs. Policymakers must consider adjusting these payments to reflect inflation and rising costs of living, thereby enhancing the financial stability of retirees.

Additionally, streamlining access to social security funds is necessary to eliminate bureaucratic hurdles that hinder timely benefit distribution. Simplifying application processes and improving administrative efficiency can significantly enhance beneficiaries' experiences and ensure they receive their entitlements without undue delay. The economic implications of inadequate social security are profound. Many elderly individuals are compelled to rely on family support or engage in informal employment to supplement their income, highlighting a systemic gap in providing financial independence for this vulnerable demographic. Integrating social security with other forms of support—such as family assistance programs or community-based initiatives—could create a more comprehensive safety net for elderly citizens. In light of these findings, it is imperative that

policymakers prioritize reforms aimed at improving the SSF's effectiveness. This includes not only increasing benefit levels but also enhancing support services such as financial counseling and healthcare subsidies. By adopting a holistic approach that addresses both awareness and adequacy, Nepal can better meet the needs of its aging population. Ultimately, strengthening the Social Security Fund will not only improve the quality of life for elderly individuals but also contribute to broader societal stability as Nepal navigates the challenges posed by an aging population. As demographic trends continue to shift, proactive measures will be essential in ensuring that all citizens can enjoy a dignified and secure retirement.

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