

This simplistic 1:1 relationship essentially assumes that you need one person working to support one retired person. Errrh. Right. Let's look at this in more detail.

First, in any country experiencing population decline (i.e., mainly high-income nations), there is almost always a form of national **superannuation** (retirement savings). This means that while you are working, you squirrel away money in a special investment fund (usually guaranteed or supported by government co-contributions) such that by the time you retire, you'll have more or less enough to live on until you kark it. Certainly some superannuation schemes are better than others, but the idea that the working support the non-working is not only simplistic, it is mostly wrong. My own superannuation accumulated principally by me is designed to support me (and my family) later (yes, I realise government co-contributions depend to some extent on the number of current taxpayers).

But this ratio also assumes that anyone too young to be in the labour force is irrelevant for a nation's economy. But this too is incorrect. What also happens in a declining population apart from a net drop in the total number of people? Why, the age structure changes too. This means that there are fewer young people (children), and as any parent or government minister in charge of education will tell you, children cost quite a bit of money. So, with fewer children, there are also fewer expenses. It turns out that once you include children, **dependency ratios do not change as much as those including only adults**.



But what about all those old people needing extended medical and hospital care? Surely that's the expensive part, right? Yes, and no. Let's not forget that people are **living longer and have more years of healthy life** than they have ever before, nor that public healthcare is a self-sustaining concept given that support for healthy people in their younger years reduces the time spent unhealthy later.

Dependency ratios also assume a static set of conditions between the labourers and the retirees. But this is so simplistic as to be patently ridiculous. Long-gone are the days when you would retire at the age of 55 and cease any meaningful contribution to the economy. Forgetting unpaid volunteer work for the moment (which is a **sizeable, yet non-valued aspect of most economies**), people are working much later in life, have flexible work arrangements (COVID has emphasised this), and are