

C.N. TEULINGS. *The financing and economy for an aging society*. *Gerontechnology* 2012;11(2):99; doi:10.4017/gt.2012.11.02.143.00 **Issue** In the Netherlands, ageing of the population will mean that the ratio of the elderly to the working age population will double. This has important implications for the economy and the welfare state. **Consequences** There are two distinct causes for our ageing population. The main cause is the drop in birthrate in the sixties and seventies from more than 3 to less than 2 children per woman. The second cause is that we became healthier and now live longer, with a life expectancy that has increased by about 7 year since 1950. Many public provisions have been set up at a time when there were plenty young people and life expectancy was shorter. These provisions were devised on a pay-as-you-go basis. This meant that these provisions were quite generous (the smaller number of elderly people could be treated generously). Our ageing population means we have to rethink these pay-as-you-go arrangements in two ways<sup>1</sup>. First, the payments from the working population towards the elderly have to be reconsidered. Second, the gains of a higher life expectancy can be reconsidered bearing mind the life cycle, e.g. by raising the pension age. **Discussion** When people live longer, they can spread their activities of work, care, leisure, and consumption over a longer time span. Currently, the activities of work and care are concentrated in the prime age. For older people, job opportunities decline, child care is less of a concern, although some may care for their parents and/or grandchildren at this time. From a planning perspective we may ask: what would be the economically optimal way to spread these activities over the life cycle? What is the optimal organization of care for elderly? We argue that for many elderly people, it is better to stay in their own environment and to have access to informal care rather than to be housed in residential care homes and to use formal labor supply to provide care. New technologies<sup>2</sup> like e-health are an important tool for the support of older adults in their homes to contribute to better quality of life. A key issue is how the current institutional and cultural settings can adapt to this transition from formal to informal care. These are the issues treated in this keynote.

### References

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