

Study: Extra income boosts health of elderly in poor countries

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Credit: George Hodan/public domain

Boosting the incomes of poor, elderly residents in developing countries can significantly improve their health and well-being, particularly in lung function and memory, a new study released Monday shows.

The study, published in the journal *Proceedings of the National Academy of Sciences*, compared 2,474 residents 70 years and older of two

Mexican cities in the state of Yucatan. Those in the city of Motul received no extra income, while those in Valladolid received an additional \$67 per month, a 44 percent increase in [average household income](#).

After six months, participants in Valladolid showed significant improvements in [lung function](#) and memory. The study's authors also found that participants spent a significant portion of the extra money on doctor visits, medications and food.

"Both state and national governments in Mexico, like those throughout Latin America, have expanded pension programs in recent years," said study co-author Emma Aguila, assistant professor with the USC Price School of Public Policy. "This study shows that such programs can benefit greatly the growing older population in Mexico and [developing nations](#) facing similar demographic challenges."

"We found strong evidence that supplementing the income of poor, elderly populations can have significant benefits to health and well-being, even in the short run," said study co-author Arie Kapteyn, professor of economics and executive director of the USC Dornsife Center for Economic and Social Research.

On tests before and after the six-month experiment, the average participant with supplemented income saw improvements in immediate and delayed memory. Participants were also more likely to visit a doctor and buy medicine. They were less likely to run out of food, report being hungry often, or report not eating all day. They were also less likely to report not being able to undertake an activity because of lack of money.

The study's authors noted fears that the [extra income](#) could be undone by family members reducing transfers to their elderly relatives appeared to be unfounded. While transfers from [family members](#) significantly

declined over time in the treatment group, the relative decline was only on average 36 percent of the income supplement.

Mexico, along with many other low- to middle-income countries, is experiencing a rapid aging of its population, and poverty among elderly residents there is far more prevalent than among the young.

From 2000 to 2050, the percentage of Mexicans over age 65 is expected to increase more than fourfold, from 5 percent to 22 percent. During that time, the percentage of the population aged 80 and up is projected to rise from 1 percent to 6 percent.

"Elderly populations are growing around the world," said study co-author James P. Smith, distinguished chair in labor markets and demographic studies at RAND. "This work provides insight on what pension programs might accomplish in developing nations, which are beginning to address these issues."

More information: Effects of income supplementation on health of the poor elderly: The case of Mexico , *PNAS*,
www.pnas.org/cgi/doi/10.1073/pnas.1414453112

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