

CHAPTER VI

CLOSING

6.1 Conclusion

This research is aimed to analyze the effect of Old-Age Dependency Ratio (OADR) on savings rate in Indonesia over a 57-year period between 1960 and 2017. Based on the empirical result, it suggests that the change of Old-Age Dependency Ratio (OADR) has no impact on savings rate in Indonesia. Another interesting finding reveals that Gross Domestic Product (GDP) and savings rate are positively correlated while the real interest rate affects the savings rate negatively.

6.2 Suggestion

Based on the conclusion of this research, we propose some recommendations as follows;

1. The increase of old-age dependency ratio suggests government to provide a financial security for most retired people. In this case, the financial security covers income and jobs for elder people that are suitable to their physical and mental capacities in which it can help elder people to maintain their livelihoods and quality of life.
2. Government is also required to enhance social assistance program including health care that also covers disability adults who are more likely to suffer from difficulties in performing their daily life.

3. There should be an enhancement of pension coverage and benefit for all retirement income scheme in every labor market groups including both public and private sectors.
4. For the further researches, it will be good to make a projection of population aging in Indonesia along with its effect on savings rate or other macroeconomic variables by taking account of other demographic factors aside from dependency ratio.

