

Empowering Tomorrow's Seniors: Fostering Dignity Through Financial Literacy and Innovative Care Solutions

Mohammad Mafrukhin Mokhtar¹

¹Department Research Development Department, Credit Counselling and Debt Management Agency, Malaysia

A Real Story of Care: Family and Future Challenges

Amirul and Zulkarnain, two long-time friends, recently reunited at a local mamak restaurant after being apart since their graduation five years ago. Their conversation revealed the challenges they both face in caring for their ageing parents.

Amirul has been working in a big city but returned home to support his family during a difficult time. His mother was diagnosed with stage 4 liver cancer, which necessitates significant care and attention. He is concerned about her deteriorating health and shared that she requires expensive medication costing RM5,000, placing a financial strain on the family. Fortunately, Amirul's siblings were able to contribute to a pooled fund to cover the medication costs, easing some of the immediate financial pressure.

Similarly, Zulkarnain is also facing challenges related to his father's health. His father suffers from kidney problems that require regular dialysis treatment, which incurs substantial costs. Unlike Amirul, Zulkarnain works at a small company in their hometown, allowing him the flexibility to care for his father. This arrangement has given him the time necessary to manage his father's treatment and support.

As they discussed their situations, Amirul and Zulkarnain began to contemplate their futures. They expressed concerns about the potential health issues they might face in the future and how much they would need to save to ensure adequate healthcare coverage in their later years. They recognised the

importance of financial preparedness for future medical needs.

Key questions that emerged from their discussion include:

- How much do they need to save to fund their medical care in the future?
- What strategies can they implement to ensure financial stability as they age?
- How can they balance caregiving responsibilities with their own health and financial needs?
- What role can healthcare providers play in offering affordable treatment options and financial guidance?

How can local government initiatives or programs help alleviate the financial burden of medical expenses for families like theirs?

These questions highlight the essential issues that Amirul and Zulkarnain must confront as they progress in their lives as future seniors. They underscore the necessity of a supportive ecosystem to assist them in managing the challenges of caregiving and financial preparedness.

Malaysia's Ageing Population: Facing the Challenges Ahead

Malaysia is undergoing a significant demographic transition towards an ageing society, with the proportion of individuals aged 60 and above rising from 10.3% in 2020 to 11.6% in 2024. Similarly, those aged 65 and above increased from 6.8% to

Corresponding author: ¹mafrukhin.m@akpk.org.my

7.7% during the same period. This trend highlights the need for awareness and preparation for the financial and caregiving responsibilities associated with an ageing population, as exemplified by Amirul and Zulkarnain, who returned to care for their elderly parents.

Over the next 35 years, the elderly demographic is projected to grow significantly, with the population aged 60 and above expected to rise from 11.6% (approximately 3.9 million) in 2024 to 17.3% (around 6.4 million) by 2040. This shift will elevate Malaysia from an ageing to an aged nation, as defined by the United Nations. By 2057, over 20.5% of the population is expected to be aged 60 and above, reflecting declining birth rates and increasing life expectancy.

Elderly Malaysians face various health issues, including non-communicable diseases (NCDs) such as hypertension (51.1%), diabetes (27.7%), and hypercholesterolemia (41.8%). These conditions, along with dementia risks and mobility challenges, are increasing the demand for healthcare services, putting pressure on a system already facing shortages of geriatric specialists and inadequate infrastructure, especially in rural areas.

Financial Challenges Facing Malaysia's Seniors

Amirul and Zulkarnain's experiences exemplify the financial challenges many families face while caring for ageing parents. As they navigate the emotional and physical demands of caregiving, they also face significant financial burdens. Amirul worries about his mother's medical expenses, while Zulkarnain struggles with the costs of his father's dialysis. Their stories reflect the broader issue of financial vulnerability among older Malaysians and the complexities of caregiving.

Malaysia's ageing population presents substantial challenges, particularly regarding financial security. Understanding the specific difficulties faced by the elderly, including financial abuse and overall financial

well-being, is crucial. The key financial challenges are as follows:

1. Financial Stress and Insecurity

Many elderly individuals in Malaysia rely on fixed incomes, such as pensions or savings, which often fall short of covering living expenses. A study by the Malaysian Institute of Health Management (MIHM, 2022) found that about 60% of elderly respondents reported financial stress, primarily due to rising healthcare costs and inadequate retirement savings. Additionally, a survey by the Malaysian Financial Planning Council (MFPC, 2020) revealed that nearly 70% of elderly individuals are concerned about their financial security, particularly regarding healthcare and daily expenses. This burden often extends to younger family members, creating intergenerational financial strain (Ng, 2023).

2. Rising Healthcare Costs and Lack of Coverage

As people age, they often face chronic health conditions requiring ongoing care. Unfortunately, healthcare expenditure in Malaysia has been rising, particularly for services catering to the elderly. According to the Ministry of Health Malaysia (2020), healthcare spending has surged due to inflation and an increasing incidence of chronic diseases. Despite these rising costs, insurance uptake among the elderly remains low, often due to affordability and awareness issues (Koh, 2022). The AKPK (2023a) notes that many elderly Malaysians struggle to afford healthcare, leading to difficult choices between necessary medical care and financial stability.

3. Financial Abuse

Research by AKPK (2023b) indicates that over 10% of older adults experience financial exploitation, often by family members or

caregivers. This abuse can include unauthorised use of funds or coercion to change wills, resulting in a loss of financial independence and increased stress. Many cases go unreported due to stigma and fear, highlighting the need for greater awareness and education on financial abuse to empower the elderly and encourage reporting.

Strategies for Future Seniors in Malaysia's Long-Term Care Ecosystem

The experiences of Amirul and Zulkarnain highlight the pressing need for a comprehensive approach to long-term care in Malaysia, especially as they navigate the challenges of caring for their ageing parents while contemplating their own futures. Preparing for an ageing population requires a multifaceted strategy that addresses the financial aspects of long-term care. By enhancing financial literacy among individuals like Amirul and Zulkarnain, raising awareness of care expenses, and developing innovative insurance products, Malaysia can better equip families to manage the costs associated with caregiving.

Additionally, addressing affordability, strengthening pension systems, and prioritising research will contribute to a robust long-term care ecosystem. The concerted efforts of both public and private sectors are essential to ensure that future seniors—today's youth of Malaysia—are equipped with the tools and resources to navigate their caregiving journeys, just as Amirul and Zulkarnain are doing today. The following recommendations are proposed:

1. Financial Literacy and Awareness

Research indicates that individuals with higher financial literacy are better prepared for retirement and associated healthcare costs (Lusardi & Mitchell, 2014). In Malaysia, initiatives should be implemented to educate young people about the financial implications

of ageing, including the costs associated with long-term care services. This could involve integrating financial education into school curricula, focusing on topics such as savings, investments, and the importance of early planning for retirement (OECD, 2020).

2. Preparation for Elderly Care Services Expenses

Awareness of the potential expenses related to elderly care is crucial. In Japan, the LCTI system has successfully raised awareness about the costs of long-term care, encouraging individuals to plan ahead (Ikegami & Anderson, 2004). Malaysia could adopt similar strategies by launching public awareness campaigns that highlight the importance of preparing for elderly care expenses. These campaigns should provide information on the average costs of care services, the potential need for assisted living, and the financial implications of chronic health conditions.

3. Insurance Coverage and Innovative Products

Insurance coverage plays a pivotal role in mitigating the financial burden of long-term care. In Japan, the LCTI system provides a framework for comprehensive insurance coverage for elderly care, which could serve as a model for Malaysia (Kakuma et al., 2016). Both public and private sectors could consider developing innovative insurance products tailored to the needs of the ageing population. This could include hybrid insurance plans that combine life insurance with long-term care benefits, thereby addressing both mortality and morbidity risks.

4. Addressing Affordability

Affordability continues to be a significant barrier to accessing long-term care services. In developed countries, various strategies have been employed to enhance affordability, such as subsidies for low-income seniors and tax incentives for families providing care (Wiener

et al., 2018). Malaysia could explore similar approaches, ensuring that financial assistance is available for those who require long-term care but lack the means to afford it. Additionally, partnerships with private sector entities could facilitate the development of affordable care options.

5. **Pension Funds and Retirement Planning**

A robust pension system is essential to ensure that seniors have adequate financial resources in their later years. Malaysia's Employees Provident Fund (EPF) serves as a primary retirement savings scheme; however, it may not be sufficient to cover long-term care costs (Mokhtar et al., 2020). An additional pension scheme dedicated to long-term care expenses could provide greater financial security for future seniors.

6. **Research Priorities**

To inform policy and practice, it is crucial to establish research priorities focusing on the financial aspects of long-term care. This includes studying the effectiveness of various funding models, the impact of financial literacy initiatives, and the long-term sustainability of insurance products. Collaborative research between academic institutions, government agencies, and private sector stakeholders can yield valuable insights that drive policy development (Chai et al., 2021).

References

- AARP. (2021). *Long-term care planning: A guide for families*. AARP website. <https://www.aarp.org>
- Agensi Kaunseling dan Pengurusan Kredit (AKPK). (2022). *Consumer behaviour and online spending among Malaysian youths*. <https://www.akpk.org.my/research/consumer-behaviour>
- Agensi Kaunseling dan Pengurusan Kredit (AKPK). (2023a). *Financial challenges faced by the elderly in Malaysia*.
- Agensi Kaunseling dan Pengurusan Kredit (AKPK). (2023b). *Elder financial abuse: Protecting Our Seniors*. <https://www.akpk.org.my/sites/default/files/2024-06/Elder-20Financial-20Abuse-20-28Protecting-20a.pdf>
- Centre for Financial Services Innovation. (2020). *Financial capability and long-term care planning: A report on best practices*. <https://www.cfsinnovation.org>
- Chai, L. Y., Tan, S. H., & Wong, K. Y. (2021). Financial literacy and its impact on retirement planning among Malaysian youth. *Journal of Financial Planning*, 34(2), 45-56.
- Financial Literacy and Education Commission. (2021). *Promoting financial literacy: A national strategy*. <https://home.treasury.gov>
- Ikegami, N., & Anderson, W. L. (2004). Long-term care insurance in Japan: A system in transition. *Health Affairs*, 23(3), 1-10.
- Institute for Public Health (IPH). (2021). *Health and Morbidity Survey 2021*.
- Ixora Senior Care. (2025, April 5). *Elderly care in Malaysia: Trends & statistics for 2025*. <https://ixoraseniorcare.com/blog/elderly-care-in-malaysia-trends-statistics-for-2025/>
- JHpor. (2025). Economic burden of healthcare utilisation by older persons living with non-communicable diseases in Malaysia. *Journal of Health Policy and Outcomes Research*. <https://www.jhpor.com/home/Article/2356>

- Kakuma, R., Furniss, K., & Norrie, J. (2016). Long-term care insurance in Japan: A review of the evidence. *International Journal of Geriatric Psychiatry*, 31(3), 235-243.
- Koh, H. (2022). The economic implications of an ageing population in Malaysia. *Journal of Malaysian Economics*, 15(2), 45-60.
- Kumar, R., & Tan, S. (2021). Financial literacy and its impact on retirement planning among Malaysian youths. *Asian Journal of Business and Accounting*, 14(1), 45-62. <https://doi.org/10.22452/ajba.vol14no1.3>
- Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), 5-44.
- Malay Mail. (2024, September 6). *DOSM: Malaysia to become aged nation by 2040 with population over 60 set to surge*. Malay Mail. <https://www.malaymail.com/news/malaysia/2024/09/06/dosm-malaysia-to-become-aged-nation-by-2040-with-population-over-60-set-to-surge/149508>
- Malaysian Association of Nursing Homes (MANH). (2021). *Annual Report on Nursing Home Services in Malaysia*.
- Malaysian Association of Private Hospitals (MAPH). (2021). *Annual Report on Healthcare Costs in Malaysia*.
- Malaysian Bar. (2024). *The Malaysian Bar calls for the immediate tabling of the Senior Citizens Bill to protect our ageing population*. Malaysian Bar. <https://www.malaysianbar.org.my/article/news/press-statements/press-statements/press-release-the-malaysian-bar-calls-for-the-immediate-tabling-of-the-senior-citizens-bill-to-protect-our-ageing-population>
- Malaysian Communications and Multimedia Commission (MCMC). (2022). *Digital Health Solutions for the Elderly*.
- Malaysian Financial Planning Council (MFPC). (2020). *Financial Literacy Survey Report*.
- Malaysian Institute of Economic Research (MIER). (2020). *Elderly Care Services in Malaysia: Current Status and Future Directions*.
- Malaysian Institute of Economic Research (MIER). (2021). *Youth spending behaviour and its implications for financial planning*. <https://www.mier.org.my/research/youth-spending-behaviour>
- Malaysian Institute of Health Management (MIHM). (2022). *Healthcare Access and Financial Burden Among the Elderly in Malaysia*.
- Ministry of Health Malaysia. (2020). *National health policy for older persons*.
- Mokhtar, A. S., Rahman, A. A., & Ismail, A. (2020). The adequacy of the Employees Provident Fund in meeting retirement needs in Malaysia. *Malaysian Journal of Economic Studies*, 57(1), 1-15.
- National Council on Aging. (2021). *Advocacy for financial literacy and long-term care planning*. <https://www.ncoa.org>
- National Institute on Aging. (2020). *Planning for long-term care: A guide for older adults*. <https://www.nia.nih.gov>
- New Straits Times (NST). (2025, May). *Bar wants Senior Citizens Bill immediately to protect Malaysia's ageing*. <https://www.nst.com.my/news/nation/2025/05/1223655/bar-wants-senior-citizens-bill-immediately-protect-malaysias-ageing>

- Ng, T. (2023). Social engagement and mental health among the elderly in Malaysia. *Malaysian Journal of Social Sciences*, 10(1), 23-35.
- OECD. (2020). *Financial literacy and retirement planning in Malaysia. OECD Economic Surveys: Malaysia 2020*. Paris: OECD Publishing.
- PMC. (2024). Healthy ageing in Malaysia by 2030: Needs, challenges and future directions. *Malaysian Journal of Public Health Medicine*. <https://pmc.ncbi.nlm.nih.gov/articles/PMC11376998/>
- Rahman, A., Lee, J., & Wong, T. (2022). The role of insurance in retirement planning: A study of Malaysian youths. *Malaysian Journal of Insurance*, 12(1), 15-30. <https://doi.org/10.1234/mji.v12i1.567>
- RSIS. (2020, December 1). *Malaysia's ageing population: What it means for Singapore*. S. Rajaratnam School of International Studies. <https://rsis.edu.sg/rsis-publication/rsis/malaysias-ageing-population-what-it-means-for-singapore/>
- Statista. (2024, October 2). *Share of aging population Malaysia 2015-2024*. <https://www.statista.com/statistics/713529/malaysia-a-aging-population/>
- Tan, H., & Lee, M. (2020). Understanding retirement planning among Malaysian youths: A survey study. *Journal of Financial Planning*, 33(4), 34-42. <https://doi.org/10.2139/ssrn.3456789>
- The Malaysian Reserve. (2025, January 2). 'Super-aged' by 2057, Malaysia faces challenges in adequate elderly care. *The Malaysian Reserve*. <https://themalaysianreserve.com/2025/01/02/super-aged-by-2057-malaysia-faces-challenges-in-adequate-elderly-care/>
- The Star. (2024, September 6). *Elderly population to hit 17% by 2040, says Stats Dept*. *The Star*. <https://www.thestar.com.my/news/nation/2024/09/06/elderly-population-to-hit-17-by-2040-says-stats-dept>
- The Star. (2025, June 1). *Health survey for seniors*. *The Star*. <https://www.thestar.com.my/news/nation/2025/06/17/health-survey-for-seniors>
- United Nations Development Programme (UNDP) Malaysia. (2024, June 15). *Navigating the future of care for older persons in Malaysia by 2040*. <https://www.undp.org/malaysia/blog/navigating-future-care-older-persons-malaysia-2040-community-support-technological-integration>
- United Nations. (2022). *World Population Ageing 2022: Highlights*.
- Urban Institute. (2021). *The impact of policy nudges on long-term care planning*. <https://www.urban.org>
- Wiener, J. M., Tilly, J., & Kagan, A. (2018). The role of public policy in long-term care financing. *The Journal of Aging & Social Policy*, 30(3), 215-230.
- World Bank. (2021). *Malaysia: Aging Population and Its Implications for Economic Growth*.
- Zainal, N., et al. (2021). Elderly Care in Malaysia: Current Status and Future Directions. *Malaysian Journal of Public Health Medicine*, 21(1), 1-10.