

Aging population and employment in Thailand:

Towards Inclusive Legal Reforms

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In 2024, Thailand's population was approximately 67 million, with 14 million aged 60 and above, representing 20% of the population. This demographic shift qualifies Thailand as an aging society. Of these seniors, only 4.76 million remain active in the workforce. Among this working senior population, 63.7% are self-employed, 16.3% contribute to family businesses, and only 16.2% hold public and private sector jobs, primarily in agriculture and fisheries. Despite government initiatives to promote senior employment through voluntary measures, 67% of older adults remain out of the workforce. Research indicates that 31% of Thai seniors lack personal savings, while 42% face income insufficiency. The pensions provided by the Social Security Fund are also insufficient for retired workers and do not cover nearly half of the population working in the informal sector, as they are not required to be insured under the Social Security Fund. In response, the government is exploring not only senior employment incentives but also mandatory savings schemes.

This paper examines the evolving employment trends and challenges in Thailand regarding senior employment. Key issues include the statutory retirement age of 60 in the public sector, which constitutes 15% of the formal workforce, posing limitations without a policy shift to raise this retirement threshold. Additionally, the government must develop a more comprehensive and realistic approach. This includes setting clear job targets for older workers, ensuring skill development programs align with labor market demands, implementing fair compensation policies, and extending healthcare benefits under the social security system as well as introducing subsidies to compensate for wages loss during medical leave.

Keywords: elderly employment, aging population employment, Thailand

Current Situation of Aging Population

The definition of ‘elderly’ varies across different countries. In Thailand, the Act on Older Persons 2003 defines an elderly person as an individual aged 60 years or older. The National Statistics Office (NSO) of Thailand has been conducting surveys on the elderly population every few years since 1994. In 2024, the eighth survey was conducted.¹

- **Elderly Population Growth in Thailand**

As of 2024, the number of elderly individuals in Thailand has reached 14 million. The proportion of elderly individuals in the total population has been increasing significantly, rising from 6.8% in 1994 to 20% in 2024. This rapid growth has led Thailand to officially become a ‘complete aged society’, with projections indicating that it will transition into a super-aged society by 2035.

- **Demographic Breakdown**

According to data from the NSO, female elderly individuals outnumber males, with a ratio of 58% to 42%. In terms of age distribution, 59% of the elderly population falls within the 60-69 years age group, while 30% are between 70-79 years old.

- **Elderly Workforce Participation**

Despite their age, a significant portion of the elderly population remains active in the workforce. Approximately 34% of elderly individuals continue to work. Among them, 60% are engaged in farming and fishing, while 47% of those employed belong to the 60-69 age group. Regarding employment status, 63.7% are self-employed, 16.3% contribute to family businesses, and 16.2% hold formal jobs in the public and private sectors. Additionally, 3.8% of elderly workers are employers. The primary reasons for continued employment include physical ability, as 51.5% of elderly individuals state they are still fit to work, while 43.5% need to work to support their families. A small percentage, 0.6%, are willing to work but cannot find suitable employment.

- **Education Levels among the Elderly**

Educational attainment among the elderly population in Thailand is relatively low. About 67.2% did not complete elementary school, while 12.6% hold an elementary school degree. Only 4.8% have a high school degree, and a mere 7.9% have attained higher education degrees.

Employment Legislation

In Thailand, the mandatory retirement age of 60 years only applies to employees in the public sector. In contrast, the private sector does not have a stipulated retirement age. Apart from the general provisions under the Thai Constitution, there is no specific legislation prohibiting age discrimination in employment under Thai labor protection laws.²

¹ The 2024 Survey of the Older Persons in Thailand,
https://www.nso.go.th/nsoweb/storage/survey_detail/2025/20241209145003_88327.pdf

² Article 27 para 3, Constitution of Kingdom of Thailand 2017 (B.E. 2560) (Unjust discrimination against a person on the grounds of differences in origin, race, language, sex, age, disability, physical or health condition, personal status, economic and social standing, religious belief, education, or political view which is not contrary to the provisions of the Constitution or on any other grounds, shall not be permitted.)

- **Retirement Policies in the Private Sector**

In the past, employees in the private sector could agree on a retirement age at any point. Some employment agreements omitting a specified retirement age altogether. This led to challenges for employees wishing to retire, as severance pay was only granted in cases where an employer dismissed an employee or requested their retirement. If an employee voluntarily initiated their retirement, severance pay was not provided.³ However, in 2017, an amendment to the Thai labor protection law allowed employees in the private sector aged 60 to retire with severance pay. Following the enactment of this law, the workforce participation rate among elderly individuals declined from 38.4% to 35.1% and further to 34% in 2021.

- **Retirement Policies in the Public Sector**

Employment in the public sector accounts for approximately three million people, representing 7.5% of the workforce. In 2016, the Cabinet approved the concept of extending the retirement age in the public sector to 65 or 70 years; however, no legislation has been enacted to enforce this change, and the mandatory retirement age remains at 60. Certain government sectors, such as the judiciary, public prosecutor, and university academia, may permit employment beyond 60 years of age, but such extensions require case-by-case approval and are not automatic.

- **Promoting Elderly Employment**

As Thailand transitions into a super-aged society, it is essential for the government to implement policies that promote employment among the elderly population. Encouraging workforce participation among aging population will help sustain the labor force and reduce financial dependency. In response to this challenge, the government has introduced various legal regulations aimed at supporting elderly employment. Initiatives outlined in the National Old Age Plans include promoting full-time and part-time employment in both the public and private sectors, enhancing vocational training and job placement opportunities, and fostering social engagement activities that generate income for the elderly.

To further support employment and income opportunities for the elderly, the government has established several short-term strategies.⁴ These include promoting home-based work to eliminate challenges related to working conditions and commuting, facilitating knowledge transfer between older and younger generations, and extending the retirement age in the public sector. Additionally, the government has introduced several measures to encourage private-sector employers to retain elderly workers beyond the retirement age. One approach is through tax incentives, allowing employers to deduct wages paid to elderly employees, up to 15,000 THB per person, with a maximum limit of 10% of the total workforce. The government also signed MOUs with 12 public and private organizations to promote the hiring of elderly workers. Another key initiative is encouraging part-time employment for elderly workers by setting a minimum wage of 45 THB per hour, deviating from Thailand's standard daily minimum wage system.⁵

Other initiatives include developing skill enhancement programs tailored to the elderly workforce and creating a labor market database to connect elderly job seekers with potential employers. Furthermore, the government has made loans available to elderly individuals who wish to continue working in industries such as crafting,

³ Article 118/1, Thai Labour Protection Act 1997 (B.E.2540).

⁴ Foundation of Thai Gerontology Research and Development Institute (TGRI), แผนกลยุทธ์ด้านการทำงานของผู้สูงอายุ, <http://thaitgri.org/?p=37642>.

⁵ Economics, Chulalongkorn University, สถานการณ์การทำงานของผู้สูงอายุไทย <https://www.econ.chula.ac.th/setsawana597613/>

food production, or specialized skills, providing financial support to help sustain their employment and entrepreneurship.⁶

By implementing these measures, Thailand aims to create a more inclusive labor market that accommodates the aging population while ensuring economic stability and workforce sustainability.

Pension Legislation

Retired individuals in Thailand are categorized into three main groups based on their previous employment sector. The first group consists of individuals who worked in the public sector and are eligible to receive a pension through the Civil Servant Pension Fund. The second group comprises private-sector employees who contributed long enough to the Social Security Fund and are entitled to receive a pension from it. The third group includes self-employed individuals who voluntarily contributed to either the Social Security Fund or the National Savings Fund, making them eligible to receive a pension from these sources.

Each fund has different eligibility criteria and payout structures. The Social Security Fund provides pensions starting at the age of 55, whereas pensions from the Civil Servant Pension Fund and the National Savings Fund are available from the age of 60.

The amount received from each fund varies. For civil servants, the pension amount is calculated based on the number of years of service multiplied by the average monthly salary, divided by two. The maximum pension payable is 70% of the individual's average monthly salary before retirement. For private-sector employees under the Social Security Fund, the starting pension is 20% of the average monthly salary (with a cap of THB 15,000 per month). If an employee has contributed for more than 15 years, an additional 1.5% of the average monthly salary is added for each additional year of service. For self-employed individuals who voluntarily contributed to the Social Security Fund, the pension amount ranges between THB 50 to THB 150 per month, depending on the premiums previously contributed.

As the pension provided under the Social Security Fund is relatively low, it prompted the government to implement measures to encourage savings among employees. One such initiative is the Provident Fund, designed to promote long-term financial security for workers. However, participation in this scheme remains limited, with only 2.9 million workers enrolled,⁷ accounting for just 7% of the total workforce.

Impact on Companies and Workers

While the number of employed elderly individuals in Thailand has shown an upward trend since 1994, this increase has been proportionate to the overall rise in the elderly population. As a result, the elderly employment participation rate has remained relatively stable, fluctuating between 31% and 38% over the past three decades. Despite various government initiatives aimed at encouraging employers to hire elderly workers, these measures have not produced a significant impact on elderly employment.

There has been little response or initiative from workers or labor unions on this issue. Given that union density in Thailand stands at only 3%, labor unions have played a minimal role in advocating for elderly employment policies.

Criticism has emerged regarding the effectiveness of current government measures. The tax incentives, which have a very low cap, are considered insufficient to serve as a meaningful incentive for employers. Additionally, the MOU agreements have been signed with a limited number of employers, resulting in

⁶ Establishment of Older Person Fund Act B.E. 2547.

⁷ Provident Fund in Thailand. <https://secopendata.sec.or.th/Fund/PVD>.

negligible overall impact. The minimum hourly wage set for elderly workers is very low which could be assumed that it only aims to apply to low-skilled work. Furthermore, the planned extension of the public sector retirement age has yet to be implemented.

Future Challenges and Initiatives for Longer Working Lives

Despite multiple government initiatives, efforts to promote elderly employment in Thailand have been largely unsuccessful. This issue stems from policies that are not adequately designed to address the core challenges faced by older workers. To effectively enhance elderly employment, the government must develop a more targeted strategy that aligns with both the needs of older workers and the demands of the job market.

One key shortcoming in existing policies is the lack of clear objectives regarding the types of jobs suitable for older workers. While the government has introduced plans to develop skills for elderly workers, it remains uncertain whether these initiatives align with labor market needs. Government documents suggest that older workers possess skills and experience accumulated over years in their respective industries. As a result, they should primarily remain in the workforce as mentors or knowledge-transfer facilitators for younger generations. This indicates that the government does not intend for older workers to engage in labor-intensive or low-skill occupations.

However, the government has established the hourly wage rate for elderly at 45 THB per hour, with a maximum of seven working hours per day. This results in a daily wage that falls below the minimum daily wage threshold. Given their level of skills and experience, older workers with skills and experiences are unlikely to accept such low wages. Additionally, the taxation incentive, which allows employers to claim tax deductions, sets the pay rate at 15,000 THB per month, which is only marginally above the minimum wage. This suggests that the policy primarily targets the employment of non-skilled workers rather than addressing wage concerns for experienced laborers.

In addition, Thailand is transitioning towards an innovation and knowledge-driven economy, as outlined in the national development plan. This shift is expected to create demand for new skill sets that may not align with the skills possessed by older workers. Currently, a significant portion of elderly employment is concentrated in the informal sector, particularly in agriculture and fishing. The primary issue faced by these workers is inadequate compensation.

Reskilling initiatives aimed at integrating older workers into a knowledge-driven economy may not be feasible. Over 80% of the elderly workforce lacks a high school education, making it difficult to equip them with the necessary skills to meet the demands of a modern economy. At the same time, retaining them in low-paying jobs remains problematic due to insufficient wages.

Moreover, there is a lack of policies that directly address the challenges associated with hiring elderly workers, particularly regarding their continuity in the workforce. One of the primary concerns in employing older workers is their declining health condition, which can impact their ability to work consistently. While the social security system provides healthcare benefits, it must also ensure adequate coverage of medical expenses for elderly employees over 60 years old. Additionally, a key concern for employers is the financial risk associated with employees taking extended leave due to health issues. It is not feasible to encourage businesses to hire elderly workers while simultaneously imposing the risk of substantial financial losses resulting from their health-related absences. To promote the employment of older workers, the government must develop mechanisms that extend healthcare eligibility for elderly employees and introduce subsidies to compensate for wages lost during medical leave. Given that older workers are likely to require more leave than younger employees, such measures are essential to reducing employer concerns and supporting workforce participation among the elderly.

In conclusion, to improve elderly employment, the government must develop a more comprehensive and realistic approach. This includes setting clear job targets for older workers, ensuring skill development programs align with labor market demands, implementing fair compensation policies, and extending healthcare benefits under the social security system as well as introducing subsidies to compensate for wages loss during medical leave. Without these measures, elderly employment will continue to face significant challenges, limiting the effectiveness of government initiatives.