

Aging Population and Employment in Thailand: Evaluating Policy Responses to Demographic Shifts

Panthip PRUKSACHOLAVIT

- I. Current situation of aging population
- II. Legislation on elderly employment in Thailand
- III. Legislation on pension
- IV. Assessing policy impact and future challenges

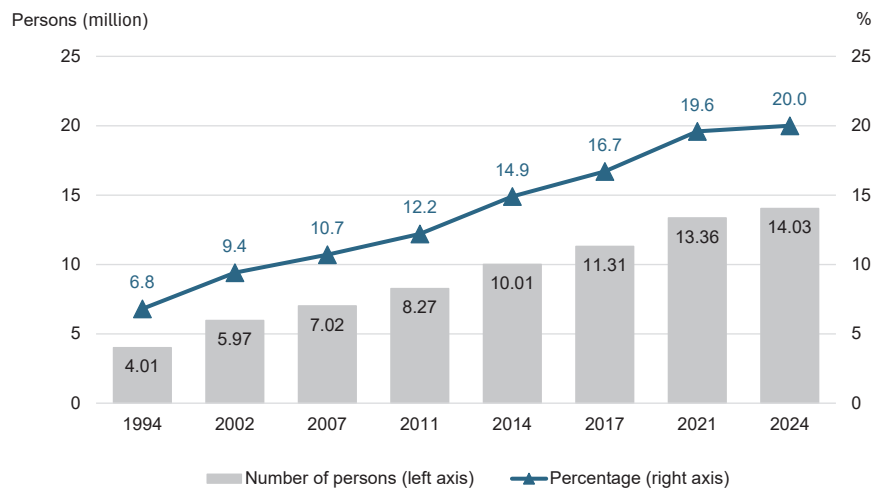
I. Current situation of aging population

The definition of “elderly” varies across countries. In Thailand, the Act on Older Persons B.E. 2546 (2003) defines an elderly person as an individual aged 60 years or older. The National Statistical Office (NSO) of Thailand has conducted surveys on the older population every few years since 1994, with the eighth survey completed in 2024.¹ According to the latest survey, the number of older individuals in Thailand has reached 14 million. The proportion of the older individuals in the total population has increased 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 a transition to a “super-aged society” by 2035. Although Thailand’s aging situation is not as severe as some countries such as South Korea and Japan, the overall trend closely resembles their demographic shifts.

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

The data from the NSO also shows that older women outnumber men by a ratio of 58% to 42%. In terms of age distribution, 59% of the older population falls within the 60–69 age group, while 30% are between 70–79 years old. Approximately 34% of older 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 older workers are employers. The primary reasons for continued employment include physical ability, as 51.5% of older individuals state they are still fit to work, while 43.5% need to work to support their families. A small proportion, 0.6% express willingness to work but cannot find any suitable employment.

1. “The 2024 Survey of the Older Persons in Thailand,” The National Statistical Office (NSO), Ministry of Digital Economy and Society, https://www.nso.go.th/nsoweb/storage/survey_detail/2025/20241209145003_88327.pdf (last visited Jan. 10, 2025).



Source: NSO, “The 2024 Survey of the Older Persons in Thailand” (2024).

Figure 1. Trends in the number and percentage of older persons between 1994–2024

II. Legislation on elderly employment in Thailand

In Thailand, the mandatory retirement age of 60 years applies exclusively to employees in the public sector. In contrast, the private sector does not have a stipulated retirement age, allowing employers to set their own policies regarding retirement. While the Thai Constitution contains general provisions prohibiting various forms of discrimination, there is no specific legislation under Thai employment law that explicitly addresses age discrimination in employment.² To date, there has been no public or legislative discourse regarding the inclusion of age discrimination provisions in the employment law. This lack of attention may stem from the perception that age discrimination is not a significant issue within the Thai labor market.

Historically, employees in Thailand’s private sector could negotiate their retirement age, with some employment agreements omitting a specified retirement age altogether. This lack of regulation created challenges for employees wishing to retire, as severance pay was only granted when an employer dismissed an employee or requested their retirement. If an employee voluntarily chose to retire, they were not entitled to severance pay.³ This changed in 2017, when an amendment to the Thai Labor Protection Act established that private sector employees aged 60 or above could retire with severance pay. Following the enactment of this law, the workforce participation rate among older individuals saw a slight decline, dropping from 38.4% to 35.1%, and then further to 34% by 2021.

Compared to other jurisdictions such as Japan, where a mandatory retirement age often makes it difficult for employees to continue working beyond a certain age, Thailand’s approach is more flexible due to the absence of a legally enforced retirement age in the private sector. Cases of age discrimination in employment remain relatively rare. According to data from the NSO, only 0.6% of older individuals in Thailand are actively seeking employment but unable to find work. This suggests that most older persons are either not

2. Constitution of the Kingdom of Thailand 2017 (B.E. 2560), §27, para. 3 (“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.”).

3. Labour Protection Act, B.E. 2541 [1998], §118/1 (Thai.).

seeking employment or are generally successful in finding a job when they do.

Employment in the public sector accounts for approximately three million people, representing 7.5% of the national workforce. In 2016, the Cabinet approved the concept of extending the retirement age in the public sector to 65 or 70 years; however, even after a decade, no legislation has yet been enacted to enforce this change, and the current mandatory retirement age in the public sector still 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.

Although the current situation regarding the employment of older persons in Thailand is not as critical as in countries with super-aged societies such as Japan or South Korea, the nation is on the verge of entering a super-aged phase within the next decade. In light of this demographic transition, it is imperative for the government to adopt proactive measures that promote employment among the older population. Encouraging workforce participation among aging population will not only help sustain the labor force, it will also reduce financial dependency. In response to this challenge, the government has introduced various policies and legal regulations aimed at supporting the employment of older persons. 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 older persons.

To further support employment and income opportunities for the older persons, the government has established several short-term strategies.⁴ These include facilitating knowledge transfer between older and younger generations and extending the retirement age in the public sector. A notable example is the One District, One Wisdom (หนึ่งอำเภอ หนึ่งภูมิปัญญา) initiative, in which the government employs skilled older individuals to share their traditional knowledge with local villagers. This program not only helps preserve unique cultural crafts but also provides employment and income opportunities for the older persons.

The government has also introduced several measures to encourage private-sector employers to retain older workers beyond retirement age. One approach is through tax incentives, allowing employers to deduct wages paid to older employees, up to 15,000 THB (approximately 416.67 USD) 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 older workers. Another key initiative is encouraging part-time employment for older workers by setting a minimum wage of 45 THB per hour, deviating from Thailand's standard daily minimum wage system.⁵

In addition to broader employment policies, the government has introduced several targeted initiatives to support the older workforce. These include the development of skill enhancement programs specifically designed for older individuals, as well as the creation of a labor market database aimed at connecting older job seekers with potential employers.

Importantly, the government's approach is not limited to promoting employment in the formal sector. Parallel efforts are being made to support older individuals in generating income outside of formal employment. For instance, the promotion of home-based work, thereby addressing common barriers such as commuting and physical working conditions, making it easier for older individuals to remain economically active. Furthermore, policies have been introduced to provide financial assistance to older

4. Foundation of Thai Gerontology Research and Development Institute (TGRI), แผนกลยุทธ์ด้านการจ้างงานของผู้สูงอายุ [Strategic Plan for the Employment of the Older Persons], <http://thaitgri.org/?p=37642> (last visited Jan. 10, 2025).

5. Economics, Chulalongkorn University, สถานการณ์การทำงานของผู้สูงอายุไทย [Employment Situation of Thai Older Persons], <https://www.econ.chula.ac.th/setsawana597613/> (last visited Jan. 10, 2025).

individuals interested in continuing work in fields such as handicrafts, food production, and other specialized skills. These policies include access to loans, which support small-scale entrepreneurship and help sustain livelihoods beyond retirement age.⁶

III. Legislation on pension

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. Self-employed individuals who voluntarily contribute to the Social Security Fund receive their pension as a lump-sum payment. The total amount is determined by multiplying a fixed amount (THB 50 to THB 150, based on the premium tier) by the number of months contributed, and adding it to the accumulated savings.

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.

IV. Assessing policy impact and future challenges

Since 1994, the number of employed older individuals in Thailand has steadily increased. However, this growth has largely mirrored the overall rise in the older population, resulting in a relatively stable employment participation rate among the older persons. Over the past three decades, this rate has fluctuated within a narrow range of 31% to 38%.

Although the Thai government has introduced various initiatives to encourage employers to hire older workers, these efforts have had limited impact. The programs have succeeded only in maintaining, rather than increasing, the employment of older persons participation rate. Furthermore, there has been minimal engagement or advocacy from workers and labor unions regarding this issue. With union density rate in Thailand at approximately 3%, labor unions have had little influence on the development or promotion of employment policies of older persons—or labor policies more broadly.

6. Establishment of the Older Persons Fund Act B.E. 2547 [2004] (Thai.).

7. SEC Open Data Services, Provident Fund in Thailand, <https://secopendata.sec.or.th/Fund/PVD> (last visited Jan. 10, 2025).

Regarding financial security in retirement, recent studies reveal that 31% of Thai older persons do not possess personal savings, and 42% report insufficient income. Existing policy measures aimed at promoting retirement savings have not proven effective in addressing this issue. A substantial portion of the older population continues to face financial insecurity post-retirement due to inadequate savings and limited pension support.

Despite multiple government initiatives, criticism has emerged regarding the effectiveness of current government measures. The limited effectiveness of current policies can be attributed to their inadequate alignment with the core challenges faced by older workers. Addressing this issue requires a clear understanding of the underlying policy objectives behind promoting the employment of older persons. If the primary goal is to advance social justice and eliminate age-based employment discrimination, then it is imperative for Thailand to enact comprehensive age discrimination legislation, similar to legal frameworks in countries such as Australia, Taiwan, and South Korea. Alternatively, if the focus is on enhancing the earning capacity of older individuals or mitigating labor shortages, a more targeted and pragmatic policy approach is required. Such a strategy should be carefully designed to reflect both the specific needs and capabilities of older workers and the evolving demands of the labor market.

One key shortcoming in existing policies is the lack of clear direction regarding the types of jobs suitable for older workers. Government documents suggest that older workers possess skills and experience accumulated over years of service 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 work. However, the government has established the hourly wage rate for older workers 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. In addition, the *One District, One Wisdom* initiative which is a well-intentioned program; however, data shows that only a small number of older individuals have participated in this program so far. As a result, the program has had minimal impact on improving employment opportunities for the older persons with skills, falling short of its intended goals.

The taxation incentive, which allows employers to claim tax deductions for hiring older workers, 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 older workers. The very low cap is also considered insufficient to serve as a meaningful incentive for employers to employ older persons. Additionally, the taxation incentive policy currently imposes a maximum deduction limit of 10% of the total workforce, a threshold that does not align with demographic realities. With older persons now comprising approximately 20% of Thailand's population—a proportion expected to continue rising—this cap significantly underrepresents the scale of the aging population and its potential contribution to the labor force. In addition, the 10% limit is uniformly applied across all industries, without consideration for sector-specific characteristics. This lack of flexibility fails to account for the fact that certain types of work are inherently more suitable for older workers. As a result, the policy restricts opportunities in sectors where older individuals could effectively contribute, further limiting its practical impact.

Furthermore, 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. Over 80% of the workforce of older persons lacks a high school education, making it difficult to equip them with the necessary skills to meet the demands of a modern

economy.

Lastly, Thailand's social security legislation does not adequately extend coverage to employees over the age of 60. Under the existing law, employers are only required to insure workers aged between 15 and 60 years. While employees over 60 may voluntarily continue contributing to the Social Security Fund, there is no legal obligation to do so. As a result, many older workers choose not to make further contributions and consequently forfeit eligibility for the associated healthcare and financial benefits. This gap in coverage presents a significant barrier to the employment of older persons. One of the primary concerns in hiring older workers is the potential for declining health, which can affect both work performance and attendance. Without social security benefits, the financial risks of extended medical leave fall largely on employers, making them less inclined to hire or retain older employees. To address this issue, the government should establish mechanisms to extend mandatory social security contributions beyond the age of 60. Such reforms would ensure continued access to healthcare benefits and provide wage compensation during medical leave, thereby reducing the financial burden on employers. Given that older employees are statistically more likely to require medical leave than younger workers, such policy adjustments are essential to alleviating employer concerns and promoting sustained workforce participation among the older persons. Furthermore, the mandatory retirement age for public sector employees should be reconsidered and extended beyond 60 years to reflect the increasing life expectancy and capacity of older individuals to contribute meaningfully to the labor force.

In conclusion, although the issue of older workers' employment in Thailand is not yet as critical as in many other countries, the country is expected to become a super-aged society in the very near future. This demographic shift necessitates immediate and strategic action by the Thai government to address the challenges associated with an aging workforce. To improve the employment of older persons, the government should adopt a more comprehensive and pragmatic approach. Key recommendations include establishing clear employment targets for older workers, aligning skill development programs with current labor market demands, implementing fair and appropriate compensation policies, designing practical and effective incentive measures to ensure tangible impact, expanding healthcare benefits under the social security system, and extending mandatory retirement age in the public sector. Without these targeted measures, the employment of older persons in Thailand will continue to face significant obstacles, thereby reducing the overall effectiveness of governmental efforts in this area.

Panthip PRUKSACHOLAVIT, J.S.D.

Associate Professor, Faculty of Law,
Chulalongkorn University, Bangkok, Thailand.

