

A Senior Citizens' Benefit for all Jordanians

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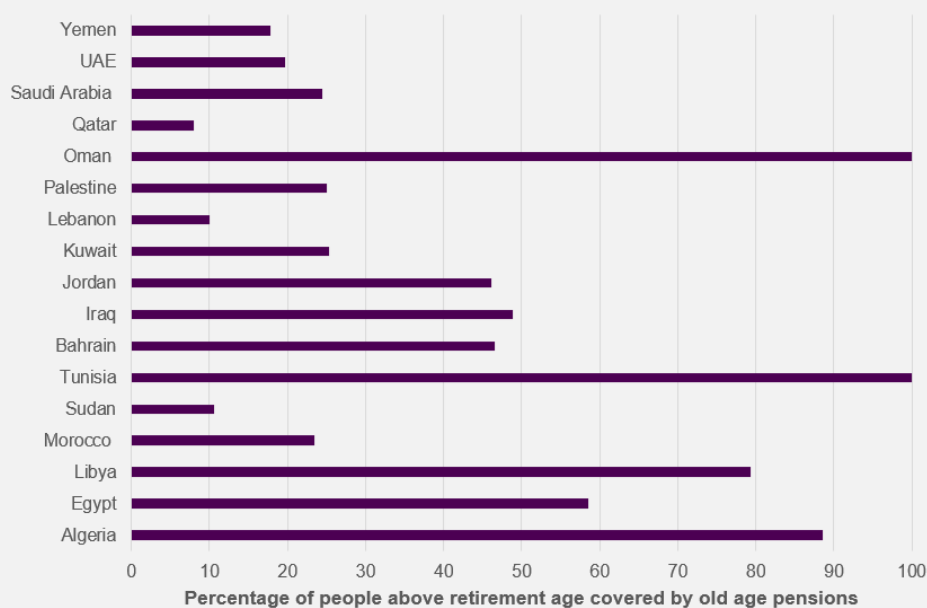
1 Introduction

Comprehensive old age pensions are often the first lifecycle benefit that countries introduce as a way to transition from poverty-benefit systems to more advanced social security systems. By guaranteeing access to a pension upon all citizens reaching a defined age, governments help reduce individual risks and ease the financial burden on families responsible for supporting older relatives.

Jordan's National Strategy for Older Persons (2025-2030) endorses the introduction of a benefit-tested Senior Citizens' Benefit by committing to **"Introduce a minimum income in old age for all older people by offering a non-contributory pension that complements other state pensions."** This aligns with the right to social security for all, as enshrined in the Universal Declaration of Human Rights and other international human rights conventions.

Globally, 93 countries provide pension coverage to more than 90 per cent of their older population. In high-income countries, universal pension systems are the norm, but this approach is also increasingly common in the Global South: 46 low-and middle-income countries now guarantee all citizens an old-age pension. In the Arab region, contributory pensions are widespread but tend to cover only a small share of the population. To date, only two countries—Tunisia and Oman—have achieved universal coverage. Oman introduced its universal pension in 2024 as part of comprehensive social security reforms, establishing a tax-financed system that guarantees a minimum pension for all citizens over the age of 60.

Figure 1: Coverage of older people by old age pensions in the Arab region



A comprehensive old-age pension in Jordan would play a vital role in addressing the challenges posed by an ageing population, which is project to increase from 7 per cent (aged 60 and older) in 2023 to 17 per cent by 2050. In the absence of such a scheme, many older persons would face income insecurity, increasing the financial burden on working families, prompting negative coping mechanisms and, ultimately, undermining economic growth. The objectives of a comprehensive old-age pension are threefold:

- To ensure all citizens can retire with dignity and a basic level of comfort;
- To enable a higher standard of living in retirement for those who can save during their working years; and,

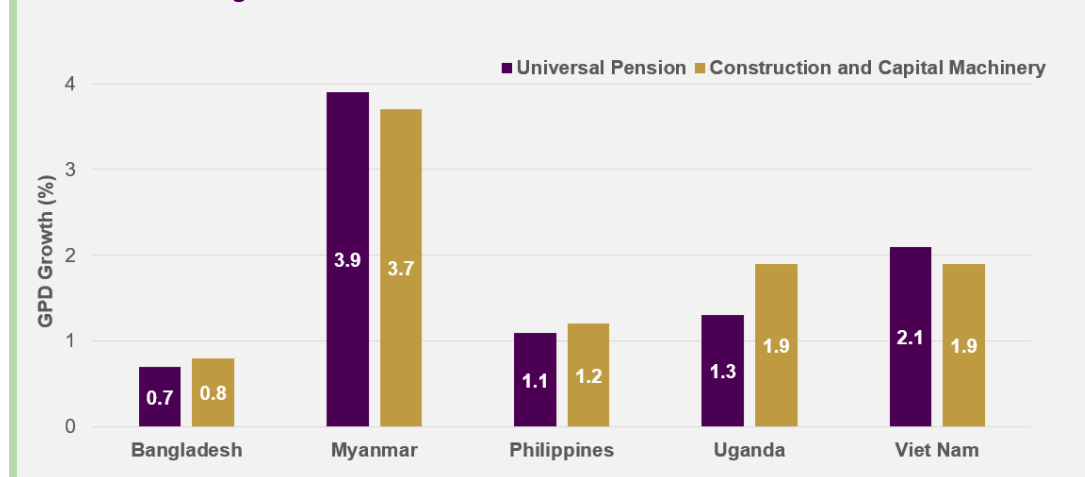
¹ This policy brief presents a condensed version of a longer paper on building a comprehensive old age pension system in Jordan. Sources of the information in this briefing paper can be found in the longer paper.

- To insure everyone against the [welcome] risk of living a very long life.

Investing in a comprehensive old-age pension also generates a range of secondary benefits. Global evidence shows that children often benefit from the income their grandparents receive. In South Africa, for instance, pensions have been linked to improved child nutrition, while in Brazil, they have been associated with increased school attendance. In Bolivia, pensions have helped reduce the risk of child labour by up to 50 per cent.

Furthermore, old age pensions generate positive economic spillovers. As older citizens spend their benefits, they help stimulate local economies, contributing to a more dynamic and inclusive economic environment. presents evidence from multiple studies indicating that investing in universal old age pensions can produce impacts on GDP growth comparable to those of infrastructure investments.

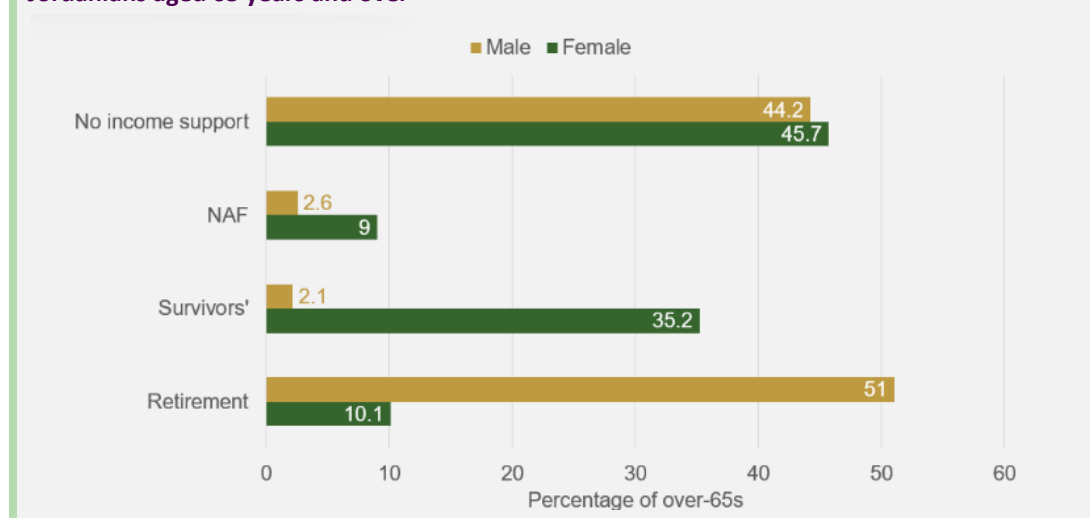
Figure 2: Comparison of the potential impacts of similar investments in old age pensions and infrastructure using CGE models in selected countries



2 The pension gap in Jordan

Almost half of Jordanians aged 65 and above are unable to access any form of income support, primarily because they were unable to contribute to the Social Security Corporation (SSC) during their working years. The majority of those excluded are women (see Figure 3), many of whom spent their adult lives caring for children and other family members, a vital form of unpaid labour that societies have historically failed to recognise or reward.

Figure 3: The pension gap and types of income support received by older female and male Jordanians aged 65 years and over



3 A Senior Citizens' Benefit for Jordan

There are two design options for providing Jordanians with an old age pension: an old age pension for all older Jordanians; and a *benefit-tested* old age pension. This brief focuses on the latter, due to its lower projected cost. A benefit-tested old-age pension is a tax-financed Senior Citizens' Benefit that is gradually withdrawn from individuals who receive income from other state pensions. The withdrawal rate proposed would follow a 10:1 ratio, meaning that for every JOD10 received from another state pension, JOD1 is deducted from the Senior Citizens' Benefit.

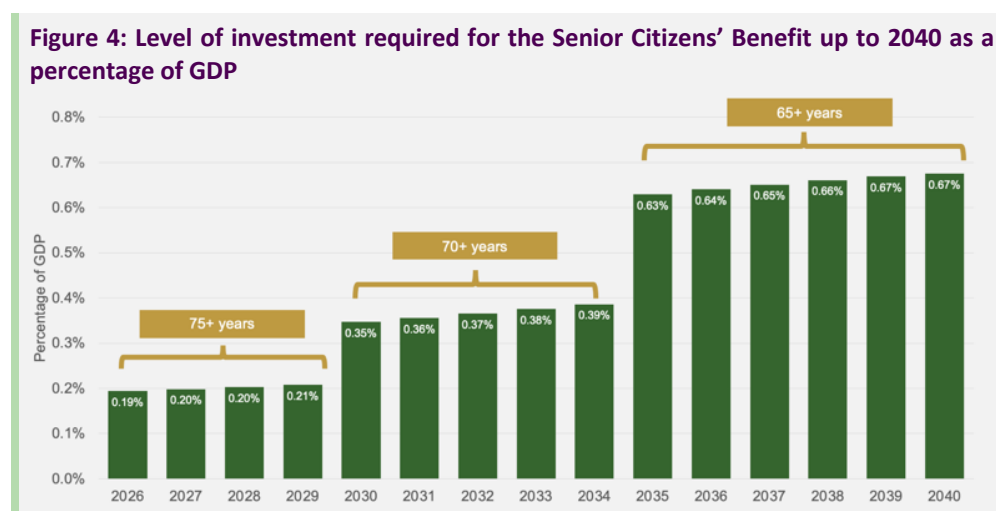
3.1 Transfer Value and Age of Eligibility

The Senior Citizens' Benefit could provide a monthly payment of JOD50, consistent with the amount NAF currently offers and aligned with the median value of universal tax-financed pensions in low- and middle-income countries. As previously noted, the benefit would be gradually withdrawn at a rate of 10:1 for individuals receiving another form of pension, meaning that only those whose total pension income is below JOD500 would be eligible for the Senior Citizens' Benefit, comprising around 90 per cent of older people.

To reduce initial costs, the age of eligibility can be phased in over time. The programme could begin in 2026 covering all individuals aged 75 and above. The benefit could then expand to include all those aged 70 and above by 2030, and all those aged 65 and above by 2035. Starting with the 75+ age group ensures that those least able to work and most at risk of disability are prioritised in the early stages of implementation.

3.2 Cost of the proposed Senior Citizens' Benefit

Figure 4 depicts the phased investment of the suggested tax-financed old age pension for Jordan. The Senior Citizen Benefit's initial cost, covering those aged 75 and above, is estimated at 0.19 per cent of GDP. This rises to 0.35 per cent when the programme is expanded to include those aged 70 and above in 2030 and will reach 0.63 per cent by 2035 with the inclusion of all individuals aged 65 and above. By 2040, the cost is projected to increase slightly to 0.67 per cent of GDP.



Source: Author's calculations

When compared with other tax-financed pensions in low- and middle-income countries, the Senior Citizens' Benefit's overall cost would be one of the lowest. By 2035, the cost would still be below the median cost in low- and middle-income countries and well below that of some much poorer countries such as Nepal, Lesotho, and Timor-Leste.

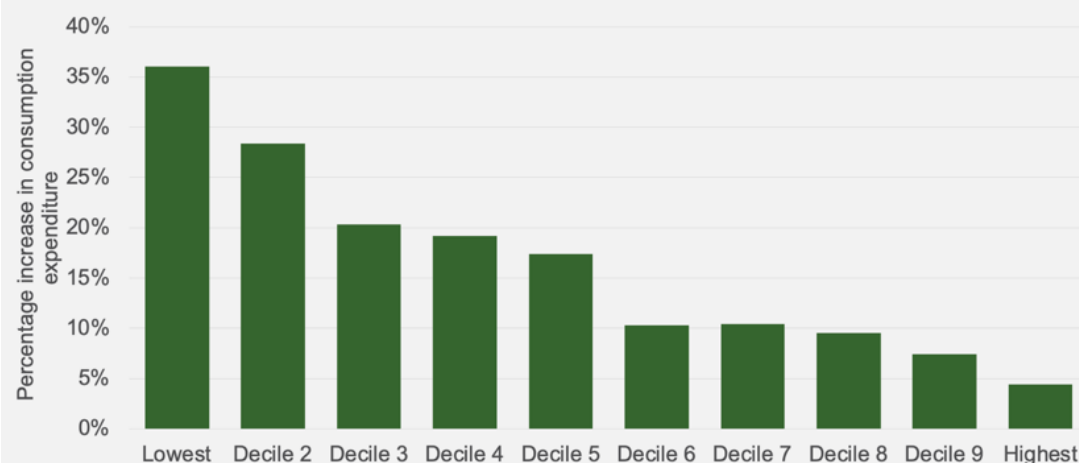
3.3 Coverage of the Pension System

Currently, only 177,000 Jordanians aged 65 and above—approximately 55 per cent of the age group—receive a pension. The introduction of a benefit-tested pension would expand coverage to 341,000 older Jordanians, with numbers projected to grow steadily over time. By 2035, the scheme could reach full coverage, benefiting 885,000 individuals aged 65 and above. Once fully rolled out, it is estimated that 18 per cent of the total population will reside in a household with a pension recipient, thereby indirectly benefiting from the scheme.

3.4 Impacts of the introduction of the Senior Citizens' Benefit

The Senior Citizens' Benefit would have a direct and significant impact on the wellbeing of its recipients and their household members. Once the pension is extended to all individuals aged 65 and above, per capita household consumption is expected to increase by 18 per cent. As Figure 5 shows, the benefit would have the greatest impact among the poorest households, where per capita consumption is projected to rise by 36 per cent. Once fully rolled out, the Senior Citizens' Benefit would also reduce the poverty rate among older people by an estimated 47 per cent.

Figure 5: Increase in per capita consumption among households that include a full recipient of the Senior Citizens' Benefit



Source: Author's calculations based on the DHS 2023 dataset and consumption distribution from the World Bank PIP extracted from the HEIS 2010 dataset

The Senior Citizens' Benefit will ensure older persons have access to a minimum income, enabling them to live their later years with dignity and independence, without having to rely on family members. This will be particularly important for women, who are less likely to have access to contributory pensions. Evidence from countries such as China, Korea, Mexico, Uganda, and South Africa shows that access to a pension has positive effects on older people's mental and physical health. It also enables them to participate more fully in productive activities and enjoy a higher standard of living.

As noted earlier, the scheme will also generate important indirect benefits. Children living in households with pension recipients are likely to experience improved diets, perform better in school, and be less likely to engage in child labour. Moreover, the Senior Citizens' Benefit is expected to generate positive economic spillovers. Older people will spend their pension income within local markets, supporting small businesses and stimulating community-level investment and economic activity.

Finally, the scheme will help strengthen trust in the state and promote social cohesion. As older people become more financially secure, they may be more willing to contribute to public services, while improved living standards across communities will reinforce social stability.

4 Conclusion

The introduction of a Senior Citizens' Benefit in Jordan represents both a moral and economic imperative. As the population ages and traditional support networks come under increasing strain, a nationally guaranteed minimum pension would ensure that all Jordanians can live their later years with dignity and security.

The analysis demonstrates that the scheme is fiscally feasible, with costs projected to remain below 1 per cent of GDP even once fully rolled out. At the same time, its impacts would be profound, cutting poverty among older persons by almost half, boosting household consumption, and generating important positive spillovers for children and local economies. By prioritising women—who are most often excluded from contributory pensions—the scheme also helps address longstanding gender inequalities. Beyond its immediate social and economic benefits, the Senior Citizens' Benefit would strengthen trust in public institutions and contribute to greater social cohesion. Providing a reliable income in old age signals the state's commitment to protecting all citizens across the lifecycle. In doing so, Jordan would join the growing number of countries in the region and globally that have recognised universal old-age pensions as a cornerstone of inclusive and sustainable development.