

MODERNIZATION OF STATE SOCIAL POLICY IN AN AGING SOCIETY

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Досліджено сучасні національні та глобальні демографічні тенденції з особливою увагою до процесу старіння населення. Розглянуто механізми реалізації державної соціальної політики в умовах зростання частки осіб похилого віку, що супроводжується нагальними викликами, зокрема наслідками повномасштабної війни. Проаналізовано ключові соціально-економічні наслідки демографічного старіння, що впливають на функціонування систем соціального захисту, ринку праці та суспільних інститутів. У статті підкреслено необхідність оновлення підходів до формування державної політики з урахуванням довгострокових демографічних змін. Запропоновано конкретні напрями модернізації соціальної політики в умовах старіння суспільства.

Ключові слова: соціальна політика, старіння населення, демографічні зміни, пенсійне забезпечення, соціальні послуги.

Problem statement. The current model of Ukraine's social policy must take into account the transformations in the demographic structure of the population, particularly its rapid aging. Both domestic and European demographic trends indicate the further deepening of this process in the medium- and long-term perspective. A population is considered aging when the proportion of older individuals within the total population increases. Demographic aging is a global phenomenon affecting countries across different levels of development. In most of them, the primary determinants are declining mortality rates, increased life expectancy, and falling birth rates. In Ukraine, however, this process is additionally driven by other factors, including socio-economic transformations and the consequences of full-scale military aggression. Rapid demographic changes, coinciding with political and economic upheavals, have created unique characteristics of the aging process in Ukraine. Therefore, the state's social policy must adapt to these circumstances, defining priority areas for modernization in order to minimize the negative impact of population aging on socio-economic development.

Review of the latest research and publications. Numerous domestic and foreign studies emphasize the significant impact of demographic aging on the socio-economic development of states. Researchers such as Modigliani F. [1], Huang W.-H., Lin Y.-J., Lee H.-F. [2], Aiyar S., Ebeke C., Shao X. [3], Harper S. [4], and Costa M. [5] have analyzed the social and economic consequences of this phenomenon. In the Ukrainian academic discourse, the issue of population aging and the need to revise social policy

towards the elderly have been examined in the works of Libanova E. [9], Pavlova O. [11], Polyakova S. [12], Rudenko O. [13], Teslyuk R., Bidak V. [14], Yunyk I. [15] and others. Studies emphasize the need to move from a supportive to an activating social policy that promotes the involvement of older people in socially meaningful activities. At the same time, despite the growing interest in the topic, a number of issues remain insufficiently studied, which leads to the need for further comprehensive analysis to develop effective strategies for adapting social policy to the conditions of an aging society.

The purpose of the article is to identify the key components of social policy aimed at protecting the elderly, and also to determine the priority areas of its modernization in the context of an aging society.

Research methodology. The methodological basis of the study is general scientific, interdisciplinary, and specialized approaches, including dialectical, phenomenological, systemic, axiomatic-deductive, historical-institutional, logical, and situational. During the research, the following methods were used: observation, analysis, abstraction, induction, deduction, system analysis, and analytical generalization. The theoretical basis is the work of domestic and foreign scholars in the fields of economics, demography, sociology, public administration, and social policy. The information base includes legislative and regulatory acts, statistical reports, analytical materials of international organizations, documents of Ukrainian government authorities, as well as other official and unofficial sources.

Research results. Research results. The models of social policy that were formed in the late 20th and early 21st centuries are now being tested for their effectiveness and relevance to modern challenges. Often, they were based on populist political decisions that were not adapted to profound demographic transformations. One of the key challenges is the changes in the age structure of the population, which, although predicted, turned out to be larger and more dynamic than expected.

The age classification has now been updated, with youth lasting up to 45 years, middle age up to 60 years, elderly up to 75 years, senile up to 90 years, and over 90 years being the age of longevity. These changes have the potential to significantly influence the development of social policy and pension reforms. The WHO defines a society as aging if the proportion of people aged 65 and over exceeds 7 % of the total population; as “old” if it exceeds 14 %; and as “hyper-aged” if this indicator exceeds 20 % [2]. In Ukraine, the share of the population aged over 65 exceeded 14 % back in 2001, which allowed the country to be classified as an “old society.” Since then, there has been a steady growth in this share, which indicates Ukraine's gradual transition to the status of a “hyper-aged society.” As of the end of 2022, the share of people aged 65 and older reached 17.6 % of the total population, meaning that almost every fifth resident belongs to this age group (Table 1).

However, this demographic situation was not typical for Ukraine in the past. At the end of the 19th century, its age structure showed signs of a young society. Thus, the median age of the population was less than 19 years. The share of children under the age of 15 exceeded 40% of the total population, while the number of people over the age of 60 was only about 4%, which is ten times less.

Table 1. Distribution of the resident population by individual age groups

Years	Total population, thousand people	0–15 years old		15–64 years old		60 years and older		65 years and older	
		thousand people	in % of the total population	thousand people	in % of the total population	thousand people	in % of the total population	thousand people	in % of the total population
1990	51556,5	11814,3	22,9	34297,7	66,5	9450,8	18,3	6174,6	11,9
1995	51300,4	11248,4	21,9	33810,6	65,9	9456,3	18,4	6961,1	13,6
2000	49115,0	9571,9	19,5	33513,1	68,2	10189,7	20,7	6818,9	13,9
2005	47100,5	7664,8	16,3	32603,5	69,2	9779,4	20,8	7507,2	15,9
2010	45782,6	6982,6	15,2	32130,2	70,2	9471,4	20,1	7168,8	15,6
2015	42759,7	6816,0	15,9	29634,7	69,3	9330,4	21,8	6675,8	15,6
2020	41732,8	6786,5	16,3	28199,5	67,6	9978,2	23,9	7146,5	17,1
2022	40997,7	6550,4	16,0	27646,7	67,4	10152,4	24,8	7231,1	17,6

Note. Developed by the authors on the basis of data [10]

Throughout the 20th century, these indicators showed the opposite trend as the share of children gradually decreased and the share of the elderly increased. As of mid-2024, the population of Ukraine in the government-controlled territories is estimated to be approximately 31.5 million people. This indicates a demographic loss of about 10 million people as a result of the war, which is almost a quarter of the country's pre-war population. Among those who have left Ukraine, there are approximately 4.5 million people, of whom one-third are under 18. The proportion of people over 65 years old in this category is only 6 %, indicating that the population aging process has accelerated in the war. Significant losses among young people and women of reproductive age present potential threats to the resumption of demographic growth and sustainable development of the state [16].

Population aging is accompanied by numerous socio-economic challenges that tend to deepen in the face of a long-lasting demographic imbalance. In particular, this includes a growing burden on the pension system, increased social security and long-term care costs, which makes it difficult to maintain the financial stability of public finances. At the same time, this contributes to increased intergenerational tension caused by the growing demographic dependency ratio, which is the ratio of the disabled population to the working population. If the social protection system is not sufficiently adapted, these processes can provoke an increase in social discontent and, in some cases, even the risk of corrupt practices in the system of resource allocation. Thus, recognizing these trends and proactively responding to them is a necessary condition for ensuring the social sustainability of society.

According to international assessments, Ukraine's level of readiness for the challenges related to population aging remains at an average level. In the global ranking, which takes into account the economic involvement of older citizens, their

level of well-being, social cohesion, security and equality, Ukraine is in the second half of the list of more than 140 countries. Ukraine demonstrates the highest scores in the equality and security scores, which indicates relatively better access to basic social goods, education, and healthcare services for older people. At the same time, the level of social and economic integration of older people remains significantly lower than in leading countries. These indicators show that there is a certain potential, but at the same time, there is a need for further systemic reforms in the field of social policy [6].

Following international rankings, the global average for the involvement of older people in economic and social life is 46.8 points. According to this criterion, Ukraine ranks 126th, which indicates a low level of integration of older people into public life. At the same time, the country demonstrates relatively better results in terms of equality (50th place) and security (57th place), which take into account access to education, nutrition, poverty, income stability, street safety, and access to health care. It is worth noting that these indicators are based on data collected in 2015-2019, i.e. before the outbreak of full-scale war. Therefore, the current situation has likely deteriorated significantly due to the destruction of social infrastructure. These circumstances further emphasize the need to update social policy in line with new realities [6].

The structure of social policy traditionally includes the following key components: social programs and services, social security, education, labor and housing policy, public health, as well as gender and other forms of social integration [13]. In the context of population aging, a detailed analysis of the individual components of this policy is becoming particularly relevant. This study focuses on the following elements.

1. Social programs and services. The development and implementation of social programs should follow the principles of the state's social policy and focus on the following areas:

- prevention or minimization of the negative social consequences of market and economic transformations;
- overcoming existing destructive phenomena that affect the welfare of certain categories of the population;
- development of certain social spheres or support for specific social groups in order to solve large-scale social problems.

Typically, such programs are comprehensive, cover several areas of influence, and involve coordination between different social policy actors. The main implementation forms include targeted assistance, housing subsidies, and support for people with disabilities or those living alone.

The growing share of the population over 75 years old, including those in the long-lived category, significantly increases the burden on the long-term care system. This system includes a range of interconnected medical, social and housing services necessary to ensure the quality of life of older people. The weakening of traditional, informal care mechanisms within families leads to a growing need for formalized services, which are more resource-intensive. International practice distinguishes three main models of long-term care: home care, hotel-type homes, and specialized institutions (boarding schools, nursing homes) for the elderly. In most cases, preference is given to home care.

In this context, it is important to develop mechanisms to support families caring for older people, particularly through financial and social assistance. Special attention should be paid to the development of a social service network for those elderly citizens who are unable to care for themselves and have no family support. An important area for improving the system is to diversify the forms of service provision with active involvement of the non-governmental sector.

2. Social security. Social security, particularly in the form of pension insurance, financial assistance, and other social transfers, is a key instrument for implementing the state social policy. Its functioning ensures support for the economic and social stability of vulnerable categories of the population, including the elderly. This system is based on the principle of intergenerational solidarity: the working-age population pays taxes that are used to meet the needs of the disabled, primarily pensioners. However, the effectiveness of this model depends on the demographic balance. A decline in the share of the economically active population against the background of an increase in the number of elderly people makes it difficult to fulfill the state's obligations, which can provoke fiscal pressure and social tensions.

In such circumstances, it is important to encourage funded forms of pension provision that allow citizens to build up a personal reserve to ensure their well-being in old age. In advanced economies, the practice of starting to save early is widespread. For example, analytical recommendations suggest that pension capital should be formed in the amount of eight annual incomes before retirement, with a gradual accumulation of 6 % to 12 % of earnings during working life. The practice also involves employer co-financing of savings and indexation of income at a rate higher than inflation. For Ukraine, where the majority of retired people rely mainly on state pensions, the issues of financial literacy, access to savings instruments, and stimulating voluntary savings are of particular importance. The formation of a multi-pillar pension system with elements of individual choice and responsibility should become a strategic direction for modernizing social security in the context of an aging population [7].

The so-called life cycle hypothesis, formulated by F. Modigliani, is widely used in the economic theory of savings. It describes a behavioral model of asset accumulation throughout a person's life, according to which an individual usually starts saving in the early stages of employment in order to ensure a sustainable level of consumption in old age. The accumulated funds reach their maximum volume just before retirement and are then gradually used. According to this concept, a person's consumption at retirement age is financed not so much by government transfers as by personal savings accumulated over the course of a lifetime [1].

In Ukraine, the vast majority of citizens at retirement age rely primarily on state pension payments. Instead, personal savings and family support are viewed as auxiliary sources of income, which indicates limited opportunities for independent retirement capital formation. The main factors behind this are low levels of financial literacy and limited access to financial savings instruments. In particular, investing in securities requires basic knowledge of finance, which is not widely understood, including by young people.

High barriers to mortgage lending and limited opportunities for starting a small business are additional obstacles to building financial capability. Less than half of

young people in need of improved housing conditions can obtain mortgage financing, due to income, stable employment, and down payment requirements. Taken together, these factors reduce the ability of citizens to provide themselves with the resources to live a decent life in old age without complete dependence on the state.

3. Education and labor policy. In the context of the analysis of education, labor policy, and public health, it is important to take into account that older people constitute a significant socio-demographic group that should be considered not only as an object but also as a subject of social activity. This category includes persons who have reached retirement age following Article 26 of the Law of Ukraine “On Compulsory State Pension Insurance”, as well as those who have no more than a year and a half left before reaching the relevant age, in accordance with Article 10 of the Law of Ukraine “On Basic Principles of Social Protection of Labor Veterans and Other Elderly Citizens in Ukraine”. The main task of social policy in this context is to identify factors that contribute to active and productive aging, considering the needs of older people [8].

One of the key ways to mitigate the effects of demographic aging is to increase human capital among older age groups. Although access to education is traditionally associated with young people, it is education that serves as a means of developing competencies that allow older people to remain professionally active. Professional development and retraining can increase the participation of older workers in the labor market. In this regard, social policy should encourage companies to create conditions for attracting older workers by adapting career planning, updating teamwork, and introducing the concept of lifelong learning.

It is advisable to provide for state support mechanisms such as free advanced training, retraining, and subsidies for employers who hire people of the appropriate age category [9]. Such steps will help to increase the overall level of labor productivity in different age groups. The successful implementation of such a policy requires multi-level management, including reducing discrimination in the labor market, stimulating economic activity, developing social and transport infrastructure, improving health, and expanding life competencies, as well as digital competencies [13].

The modernization of social policy in the context of aging requires a timely response. In the absence of adequate solutions, today's younger generation may face the same difficulties that older citizens are already experiencing today. The growing share of the elderly population will lead to an increase in the demographic burden on the working-age part of society. Longer life expectancy will require a revision of the structure of budget expenditures at both the household and government levels, which in turn will lead to an increase in overall social spending.

Conclusions. Population aging is an objective demographic reality that poses a systemic challenge to the socio-economic development of the state. Changes in the age structure are predictable and natural, so their consequences can and should be considered when formulating public policy. The negative effects of aging: an increased burden on the pension system, higher costs for social services, transformation of intergenerational relations and household structure, mostly arise in the absence of proper adaptation of social protection institutions, the labor market, and the health care system. The results of the study confirm the need to modernize social policy in the context of demographic aging. In particular, its components require updating, such as

the system of social programs and services, social security mechanisms, education, and labor policy. These reforms should be based on the principles of intergenerational solidarity, inclusion, economic efficiency, and long-term financial sustainability. A comprehensive response to the challenges of aging can not only reduce social risks but also ensure active longevity and the involvement of older people in economic and social life.

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Annotation

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Modernization of state social policy in an aging society

The article examines population aging as a long-term demographic trend that significantly influences the formation and implementation of state social policy. The relevance of the study is driven by intensification of demographic aging in Ukraine, exacerbated by consequences of the full-scale war, transformations in social structure of society, and need to update key elements of the social protection system. The authors emphasize that aging should not be viewed solely as a problem but as a foreseeable reality requiring strategic adaptation and proactive response from the state.

The purpose of the article is to identify the components of social policy directly related to the protection of the elderly and to substantiate directions for their modernization in the context of demographic changes.

The study reveals that Ukraine is steadily approaching the status of a hyper-aging society, as the proportion of individuals aged 65 and older has reached 17.6%. The demographic effects are intensified by mass migration of youth and the economically active population. The current configuration of social policy – from assistance programs to the labor market and healthcare system – does not meet modern challenges. The study substantiates the need to diversify long-term care formats, support intergenerational solidarity, enhance financial literacy, and encourage individual savings.

The conclusions emphasize that demographic aging requires a systemic modernization of social policy: from a reorientation towards active longevity to institutional adaptation of key social welfare sectors. Strategic reforms should encompass social services, the pension system, education, and employment policy, as well as the creation of conditions for a dignified life for the elderly amid a prolonged demographic transition.

Key words: *social policy, population aging, demographic changes, pension provision, social services.*