

CHILE IS AGING: TURNING THE DEMOGRAPHIC CHALLENGE INTO AN OPPORTUNITY ¹

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Chile is undergoing a rapid demographic aging process driven by sustained advances in healthcare. Life expectancy has risen from 53 years in 1950 to over 81 in 2025. This structural shift will transform the labor market, consumption patterns, and demand for social services, giving rise to an economy based on active longevity.

Older adults account for 13.1% of the total workforce, with an unemployment rate below the average (5.64% vs. 8.56%), although they face challenges such as higher rates of informal employment (44%) and longer job search times (10.5 months). Notable is their preference for self-employment (34%) and the role of older employers (65,000 people), which reinforces the potential of senior entrepreneurship.

Beyond employment, this group exhibits financial stability (71.1% home ownership) and growing demand for care services, preventive health care, adapted housing, assistive technologies, and accessible tourism. An aging population presents an economic opportunity if it is accompanied by a focus on lifelong learning, flexible work arrangements, entrepreneurship, and preventive health care.

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I. Chile is aging: a structural shift

Estimates from the United Nations (Population Division) reveal a global demographic shift. Worldwide, life expectancy was 46.4 years in 1950. The most recent projections indicate that this figure will rise to 73.5 years by 2025, reflecting global advances in health, nutrition, and living conditions (UN, 2025).

Chile is undergoing a profound and quiet demographic transformation. In just seven decades, life expectancy at birth rose from 53 years in 1950 to more than 81 years in 2025, one of the greatest advances in Latin America (CIPEM, 2025). This reflects sustained improvements in health, nutrition, and living conditions, but it also marks the beginning of a new economic challenge: population aging.

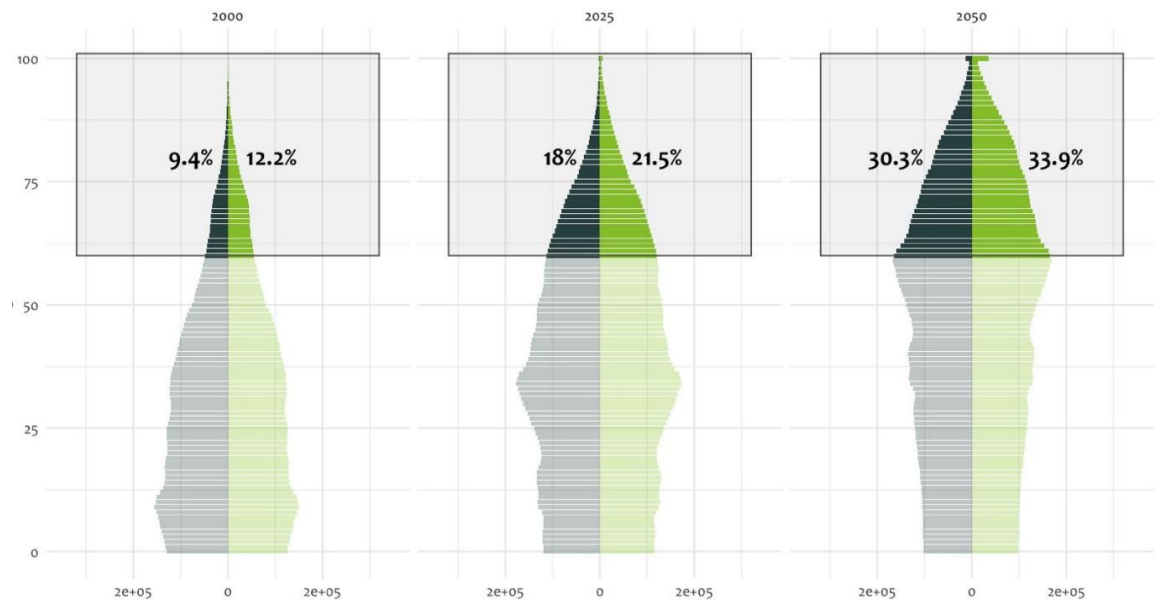
In 1950, the Chilean population aged 60 and over numbered just 351,000 people, representing 5.3% of the national population. Today, international estimates suggest that this cohort has grown to nearly four million people, meaning that approximately one in five Chileans is 60 or older. At the regional level, this trend places Chile among the countries with the highest percentages of older adults, surpassed only marginally by Uruguay (UN, 2025).

This aging trend will become firmly established by 2050. According to estimates by the National Institute of Statistics, one in three people in the country will be 60 or older (INE, 2018). This change is structural and will permanently transform the composition of the labor market, consumption, and the provision of public services.

Figure 1 illustrates Chile's demographic transition and population aging between 2000 and 2050. In 2000, the country had a more traditional demographic structure, with a broad base representing the young population and a narrow peak, where people over 60 accounted for about 10% of the total population. By 2025, the projection shows that the pyramid widens in the middle (middle ages), reflecting the aging of the baby boomer generation and a notable increase in the elderly population.

By 2050, the base of the pyramid will narrow significantly due to low birth rates, while the top will widen dramatically, inverting the pyramid and concentrating the population in the older age groups.

Figure1: Population pyramid



Rather than a cost issue (healthcare, pensions, or long-term care), aging is an opportunity to rethink how we create value, talent, and purpose throughout life. When older adults actively participate in the economy as workers, consumers, or entrepreneurs, they help revitalize entire sectors and expand the country’s growth potential.

II. Senior Talent: Work and Productivity

But that’s not all. The current global population is estimated at 8.2 billion. Population aging does not necessarily imply an economic slowdown. In fact, when countries promote labor force participation and healthy aging, the gains can be substantial. According to estimates by the International Monetary Fund (World Economic Outlook, 2025, Chapter 2), improvements in the health and functional capacity of older adults will contribute an additional 0.4 percentage points

to annual global GDP growth between 2025 and 2050, offsetting up to one-third of the negative impact of demographic change.

According to data from the National Employment Survey conducted by the National Institute of Statistics (INE, 2025) for the rolling three-month period of June–July–August 2025, the Chilean labor market had a total labor force of approximately 10.2 million people. Of this figure, 9.4 million were employed, which translates to an overall employment rate of 56.6%.

Within this structure, older adults (aged 60 and over) account for a significant share. The labor force in this age group reached 1.3 million people. The survey results indicate that 1.2 million older adults were employed, which equates to an employment rate of 30.6% within their own group. In terms of the overall contribution to the economy, this population segment represents 13.1% of the total employed population in Chile.

An analysis of the reasons why people aged 60 and older do not seek employment or make preparations to enter the workforce reveals a strong concentration on retirement-related factors and personal circumstances. The main barriers to participation are directly linked to formal retirement status: the categories “Retired” (30.23%) and “Pensioner or recipient of a lump-sum retirement payment” (27.97%) together account for nearly 58.2% of the responses. These are followed by “permanent health reasons” (16.31%) and “permanent family responsibilities” (12.93%); these four reasons account for more than 87% of the explanations. Finally, the factor of discouragement due to age—where the person “believes they will not be hired because of their age”—though a minority, persists at 2.89%, indicating a perception of discrimination in the labor market for this age group.

In terms of unemployment, while the overall unemployment rate stands at 8.56%, the incidence of unemployment is notably lower among the older population. Specifically, the unemployment rate for people aged 60 and older is 5.64%, a figure significantly lower than the 8.98% recorded for the population under 60.

Despite lower unemployment rates, the job search period is significantly shorter for people under 60 (6.1 months). In contrast, older adults face considerably longer job search periods, averaging 10.5 months. This reflects the greater difficulties and longer periods of inactivity they face in re-entering the labor market.

An analysis of older adults' labor force participation shows that most employed older adults are concentrated in the formal sector (853,000 people). Of the total number of employed older adults, nearly 25% work in the informal sector. Additionally, 67,000 are employed as domestic workers. On the other hand, regarding the formality of employment, of the 1.22 million employed older adults, only 56% have a job considered formal, while 44% work in the informal sector. This proportion of informal employment is significantly higher than that observed in the group under 60 years of age, where informality stands at around 23%.

An analysis of educational mismatch by educational level among the employed population reveals that 21.3% of all employed individuals aged 60 and older are undereducated (compared to 9.4% in the rest of the population). On the other hand, 9% of the employed older population is overqualified. Although a large majority has an appropriate level of education, the results could be associated with fewer opportunities for access to training or the need to fill positions with low formal requirements.

An analysis of occupational categories reveals that the population aged 60 and older shows a marked preference for self-employment. Although most of this group remains employed in the private sector (564,000 people), the number of self-employed workers (415,000) is extremely significant, accounting for approximately 34% of the total employed older population. This high proportion of self-employment suggests that older adults tend to seek out or create work options that offer autonomy and flexibility, likely as a strategy to manage aging and health or to supplement pension income. Furthermore, this group also plays a significant role as employers (65,000 people), indicating that a portion of older adults are at the helm of businesses and entrepreneurial ventures. These findings are consistent with recent evidence from Poblete, Mandakovic, and Apablaza (2025), who show that entrepreneurship in later life can act as a defense mechanism against ageism, allowing older adults to maintain their work identity, autonomy, and economic participation even in contexts of age discrimination.

Figure 2: Informal Employment Rate and Occupational Category by Cohort

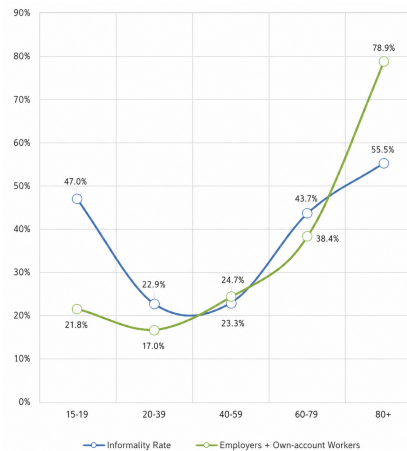


Figure 2 analyzes the Informality Rate and Occupational Category by age cohort. The Informality Rate is highest among the 15–19 age cohort (47.0%), suggesting that early entry into the labor market is characterized by precariousness. This rate decreases significantly, reaching its lowest point in the 20–39 age group (22.9%), coinciding with the phase of greatest formalization in one's career. Starting at age 40, informality begins to rise again progressively, exceeding 55.5% in the 80+ age group. Conversely, the proportion of employers and self-employed individuals decreases slightly among the young, reaching a low in the 20–39 age group (17.0%). From that point on, this form of employment shows significant growth, reaching its peak in old age (78.9% in the 80 and older age group).

III. The Economic Potential of Longevity

While the economic potential of this age group is directly linked to their participation in the labor market, as discussed in the previous section, this is not the only component of the economic potential associated with longevity.

In terms of consumption, although Chilean households headed by older adults have lower average spending than younger households, their per-capita spending is competitive. Their spending priorities focus on goods and services aimed at basic needs and well-being, with a significantly higher proportion of their budget allocated to food and health compared to the national average. This consumption pattern reflects greater asset stability and less pressure from the expenses typical of early life stages, which translates into significant net worth. This is evident in the high homeownership rate (71.1% among households headed by individuals over 50) and low levels of mortgage debt.

Furthermore, the need for a comprehensive care system and the demand for specialized health services represent one of the main areas of opportunity for private investment and social innovation. In Latin America, the population aged 80 and older has a high prevalence of sever

disability, which means that the demand for long-term care services is expected to triple over the next thirty years. In the case of Chile, this situation requires strengthening a care ecosystem that includes home-based services, day centers, and telecare systems, along with the formalization of employment in the sector, which is predominantly female. Likewise, the healthcare system requires expansion in preventive medicine, chronic disease management, and mental health, to ensure that increased life expectancy translates into an effective improvement in quality of life.

An aging population is also driving the need to adapt housing and transportation systems. Older adults' strong preference for "aging in place" is generating growing demand for home modifications to improve accessibility and safety, creating opportunities for the construction and furniture design industries. Similarly, maintaining functional independence requires investments in transportation and mobility that facilitate access to services and activities, reducing the risk of social isolation.

Technology and digital inclusion play a central role, both because of their potential to provide telecare and telemedicine services and because of their contribution to social inclusion and independence. Although internet penetration in Chilean households is high, gaps persist due to a lack of awareness and high costs. Bridging this gap requires digital literacy programs and the design of accessible platforms. Investment in technologies aimed at improving quality of life and autonomy—such as wearable devices and health apps—is a priority for reducing dependency and tapping into this cohort's consumption potential.

Finally, tourism and recreation represent another area of growth. There is an opportunity to develop tailored tourism packages focused on experiential and sustainable activities, offering off-season options, health-oriented programs, and universally accessible infrastructure. This pursuit of experiences is also reflected in the growing demand for continuing education, as older adults seek to develop new skills and

maintain their intellectual activity. In Chile, enrollment in higher education among people over 50 has grown by 157% over the past decade, reflecting a sustained trend toward lifelong learning.

IV. Policies for a Longevity Economy

Population aging should not be addressed solely from the perspective of expanding public spending, but also by incorporating measures that promote active and healthy aging, unlocking the economic opportunities that longevity offers. Chile needs a growth strategy that integrates senior talent into the drivers of productivity, innovation, and entrepreneurship. This requires policies that strengthen preventive healthcare, autonomy, and skills upgrading, so that more years of life translate into more years of active and productive living. Therefore, we propose:

- The labor market requires genuine flexibility. The reallocation of skills must be at the center of the demographic response. Replacing rigid severance schemes with mobility insurance systems, and allowing compatibility between pensions and part-time or self-employed work, would encourage a more fluid circulation of workers across sectors and life stages. High dismissal costs and rigid hiring rules reduce mobility, slow innovation, and limit the creation of more productive jobs. Moving toward a protection system based on mobility insurance, one that supports the worker rather than the specific job position, would make it possible to combine flexibility with security, facilitating both youth reintegration into the labor market and the continued participation of senior workers. International experiences reinforce this path: the Maturijobs Program (<https://www.maturi.com.br/>) in Brazil, for example, has shown that connecting senior talent with companies can boost employability without relying on subsidies.
- A lifelong learning system, where professional upskilling does not end at age 40 or 50. In a context of rapid technological transformation,

skills gaps (digital, cognitive, etc.) widen with age, limiting labor mobility and the productivity of older workers. Therefore, tax incentives for training, workforce reskilling, and partnerships between companies, universities, and technical training centers are essential to reduce these gaps and ensure longer and more dynamic career trajectories. International models such as Finland's Employment and Workforce Retraining Programs for Older Adults in Finland (<https://www.finland.fi/>) demonstrate that it is possible to maintain high levels of labor force participation when people have access to flexible, modular, and needs-based training. In a society that lives longer, investing in lifelong learning means investing in productivity, inclusion, and economic resilience.

- Promotion of senior entrepreneurship. International evidence reinforces this approach. Mikko Kautonen, Ewald Kibler, and Maria Minniti (2017) show that transitions into entrepreneurship later in life not only extend labor force participation but also improve quality of life and psychological well-being among older adults by providing greater autonomy and sense of purpose. From a public policy perspective, promoting senior entrepreneurship supports active and socially sustainable aging by mobilizing human capital and experience toward new forms of value creation. Simplifying regulations, reducing administrative burdens, and facilitating access to financing would help transform a demographic challenge into a driver of innovation. The Plan Mayor de Colombia (<https://www.saldarriagaconcha.org/plan-mayor-4/>), which supports entrepreneurial initiatives led by people over the age of 60, provides concrete evidence of how economic autonomy can strengthen inclusion and stimulate local economies. Older adults who become entrepreneurs not only generate income, but also transfer knowledge, networks, and a culture of effort to younger generations.
- Promotion of preventive healthcare. The consolidation of a national preventive healthcare policy is a central element in addressing demographic aging and ensuring that increased life expectancy

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translates into more years of healthy living. The promotion of healthy habits, early detection of chronic diseases, and the strengthening of primary healthcare help reduce the burden on healthcare systems and prolong the population's functional autonomy. In the short term, these measures reduce the costs associated with hospitalizations and high-complexity treatments, while increasing labor force participation and productivity among older adults. In the long term, investment in prevention helps delay dependency, reduce fiscal pressure on the healthcare system, and extend active life expectancy, thereby strengthening economic and social sustainability. International experiences, such as the Finnish strategy, demonstrate that a comprehensive preventive approach can transform longevity into a productive asset by combining individual well-being with macroeconomic stability.

- An intergenerational pact for productivity, where longevity and economic growth are understood as complementary dimensions. Promoting collaboration across generations is essential to sustaining growth in an aging society. Viewing population aging as an opportunity requires trust in people, institutional stability, and a long-term vision.

V. Conclusion

The demographic transformation facing Chile poses both strategic challenges and opportunities for economic development. Population aging requires a shift in the way labor force participation and productivity are understood, recognizing the value of older human capital as an active component of economic growth. Evidence shows that this group possesses significant potential, which is currently constrained by labor market rigidities and skills gaps.

Seizing this opportunity requires advancing policies aimed at promoting labor market flexibility through mobility insurance systems, strengthening lifelong learning, and fostering senior entrepreneurship.

The expansion of sectors related to care, healthcare, and technology can further contribute to job creation and economic value generation. Only through the coherent articulation of these measures will it be possible to consolidate a Longevity Economy and establish an Intergenerational Pact for Productivity capable of sustaining inclusive, sustainable, and resilient growth.

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