

ENHANCING RETIREMENT SECURITY THROUGH WAQF-BACKED PENSION FUNDS: A THEORETICAL PERSPECTIVE ON HEALTHCARE AND FINANCIAL SUSTAINABILITY

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Abstract

This article examines the integration of waqf into pension schemes as a sustainable model to improve pension security and access to healthcare for retirees and their beneficiaries. The study investigates the potential of a waqf-based pension model to provide solutions to the financial and social challenges in pension systems. Efficiently managed waqf assets can provide a sustainable funding mechanism, ensuring stable income and healthcare support for retirees while reducing the financial burden on government-managed pension funds. The paper proposes a structured integration model where waqf funds complement pension schemes through defined benefit and defined contribution mechanisms, emphasizing financial sustainability and healthcare access. By balancing waqf management with long-term pension funds, this integration presents a transformative approach to social security, especially in Muslim-majority countries.

Keywords: *Waqf, Pension Systems, Social Security, Healthcare Financing, Retirement Sustainability.*

Abstrak

Artikel ini membahas integrasi wakaf ke dalam skema pensiun sebagai model berkelanjutan untuk meningkatkan keamanan pensiun dan akses layanan kesehatan bagi para pensiunan dan ahli warisnya. Dengan menggunakan pendekatan penelitian hukum doktrinal, studi ini menganalisis potensi model pensiun berbasis wakaf untuk mengatasi tantangan keuangan dan sosial dalam sistem pensiun. Aset wakaf yang dikelola secara efisien dapat menyediakan mekanisme pendanaan berkelanjutan, memastikan pendapatan yang stabil dan dukungan layanan kesehatan bagi para pensiunan sekaligus mengurangi beban keuangan pada dana pensiun yang didukung pemerintah. Studi ini mengusulkan model integrasi terstruktur di mana dana wakaf melengkapi skema pensiun melalui mekanisme manfaat pasti dan kontribusi pasti, yang menekankan keberlanjutan finansial dan akses layanan kesehatan. Dengan menyelaraskan pengelolaan wakaf dengan pendanaan pensiun jangka panjang, integrasi ini menghadirkan pendekatan transformatif terhadap jaminan sosial, khususnya di negara-negara mayoritas Muslim.

Kata Kunci: *Wakaf, Sistem Pensiun, Jaminan Sosial, Pembiayaan Kesehatan, Keberlanjutan Pensiun.*

Introduction

The increasing global aging population poses significant challenges to pension systems, particularly in ensuring financial sustainability and adequate healthcare support for retirees. Traditional pension models, both public and private, often struggle with long-term funding gaps, leaving retirees vulnerable to financial instability and limited healthcare access (Han et al., 2020). In many Muslim-majority countries, social security systems remain underdeveloped, with pension funds frequently insufficient to cover post-retirement expenses. This calls for innovative financial solutions that align with Islamic principles while ensuring economic security for the elderly and their dependents.

Waqf, an Islamic endowment system, offers a promising avenue to address these challenges. Historically, waqf has played a crucial role in financing education, healthcare, and social welfare. By integrating waqf into pension schemes, a sustainable and self-replenishing financial model can be established, ensuring continuous support for retirees while reducing dependency on state-funded pension programs (Ab Rahman et al., 2024). This integration could particularly enhance access to healthcare facilities, as waqf-generated income can subsidize medical expenses for pensioners and their heirs.

Despite its potential, the practical integration of waqf into pension systems remains limited. Most pension structures operate independently of Islamic endowment models, missing an opportunity for financial synergy. This paper seeks to fill this gap by proposing a structured waqf-backed pension framework that aligns with defined-benefit and defined-contribution pension models, ensuring financial sustainability and improved healthcare access.

The study applies a qualitative doctrinal legal research approach, analyzing existing pension structures, waqf management practices, and potential integration mechanisms. The findings aim to provide policymakers, financial institutions, and Islamic scholars with a viable model that leverages waqf to strengthen pension sustainability and healthcare access for retirees and their families.

Literature Review

1. Waqf as a Sustainable Islamic Financial Instrument

Waqf has long been recognized as a vital component of Islamic social finance, playing a fundamental role in poverty alleviation, education, and healthcare development (Ab Rahman et al., 2024). Unlike conventional charitable donations, waqf follows a perpetual endowment model, where the principal assets are preserved indefinitely, while only the investment returns are utilized for public benefit (Ismail et al., 2023a). This structure ensures sustainable and continuous funding, making waqf an ideal financial tool for long-term economic and social welfare programs.

Throughout Islamic history, waqf institutions have contributed significantly to public infrastructure development, particularly in healthcare and education. For example, during the Ottoman Empire, waqf-funded hospitals, known as *darüşşifas*, provided free medical treatment to the public, demonstrating waqf's capability to sustain healthcare financing models over centuries (Muneeza & Kunhibava, 2024). Similarly, in the Mughal Empire, waqf was widely used to fund madrasahs and public welfare institutions, ensuring equal access to education and social security (El Daly, 2022). These historical applications highlight waqf's potential as a financing tool that can be adapted for modern pension systems, ensuring retirees' financial security while upholding Islamic social justice principles.

Beyond its traditional applications, modern waqf management has evolved to support various economic sectors, including real estate, investment funds, and microfinance (Sugianto et al., 2022). Recent studies suggest that integrating waqf with contemporary financial systems can significantly enhance economic stability and wealth distribution. By applying waqf-based financial models, long-term funds can be generated to support retirement planning, healthcare, and social security programs (Hassan & Jamaluddin, 2022).

A key advantage of waqf as a pension funding mechanism is its self-sustaining nature. Unlike traditional pension schemes, which rely on continuous contributions from employees and employers, waqf-based pension funds operate by investing in sharia-compliant financial instruments, such as Islamic bonds (*sukuk*) and ethical equity funds

(Kasmon et al., 2023). These investments generate steady income streams, which can be allocated to pension payouts and healthcare support, reducing dependence on government-subsidized social security programs.

Furthermore, digital waqf management has emerged as an innovative approach to enhance transparency, governance, and investment efficiency. Blockchain technology and waqf tokenization enable secure and traceable financial transactions, ensuring accountability in waqf-based pension fund management (Fatur Rahman et al., 2020). This technological advancement strengthens waqf's applicability to modern pension schemes, making it a reliable, scalable, and ethical financial instrument for long-term retirement security.

Given these factors, waqf stands as a viable and sustainable alternative to conventional pension financing models. By leveraging Islamic financial principles, waqf-based pension schemes can provide stable, long-term financial support for retirees, while reinforcing social solidarity and wealth distribution within Muslim-majority economies (Al-Saudi, 2024).

2. Challenges in Conventional Pension Systems

Pension systems worldwide are facing growing financial instability, primarily due to aging populations, declining birth rates, and rising healthcare costs. According to Encinas-Goenechea et al., (2020), many national pension schemes are struggling to maintain funding sustainability, as the ratio of active workers to retirees continues to decline. This demographic shift results in pension fund deficits, forcing governments to either increase retirement age, raise contribution rates, or reduce pension benefits—all of which place additional financial burdens on the workforce (Ebbinghaus, 2021).

In Muslim-majority countries, pension-related challenges are further compounded by underdeveloped social security systems and the high prevalence of informal employment. A significant portion of the workforce in these regions operates outside formal labor markets, making them ineligible for traditional pension schemes (Sorsa & Zwan, 2022). Many retirees rely entirely on family support or personal savings, leaving them vulnerable to financial insecurity in old age. The absence of comprehensive

retirement plans highlights the urgent need for alternative pension funding mechanisms, particularly those aligned with Islamic finance and social welfare principles.

Moreover, healthcare costs for retirees have risen dramatically, posing another major challenge for pension systems. Studies show that out-of-pocket healthcare expenses consume a significant portion of retirees' post-employment income, reducing their overall financial security (Hassan & Jamaluddin, 2022). In countries with limited healthcare subsidies, retirees often face barriers to accessing essential medical services, leading to lower quality of life and increased financial stress. Addressing this issue requires a dedicated healthcare financing mechanism within pension schemes—one that can provide subsidized medical services without overburdening national healthcare budgets (Qurrata et al., 2021).

Several scholars have proposed Islamic social finance instruments, such as waqf, zakat, and sukuk, as potential solutions to pension funding gaps. Waqf, in particular, offers a sustainable, long-term revenue stream that can complement state-funded pension programs (Nicholson et al., 2020). Unlike conventional pension funds that rely on pay-as-you-go contributions, waqf-based pension models generate continuous returns from investment-driven endowment assets, reducing the need for constant external funding (Tahiri-Jouti, 2022).

Despite its strong potential, waqf remains underutilized in modern pension systems due to regulatory constraints, governance challenges, and lack of public awareness. To successfully integrate waqf with pension financing, legal frameworks must be developed to allow waqf-based endowments to be allocated for retirement benefits and healthcare (Ismail et al., 2023b). Additionally, Islamic financial institutions and policymakers must collaborate to create waqf-linked pension products, ensuring structured and transparent asset management (Yakubu & Isbahi, 2022).

Given the inherent challenges of conventional pension schemes, the integration of waqf-backed financing models represents a promising alternative for enhancing financial security, healthcare access, and long-term pension sustainability in Islamic economies.

3. Waqf Integration in Financial and Social Security Models

The integration of waqf into financial and social security models has gained significant attention in contemporary Islamic finance discourse. Historically, waqf has been utilized to support public services, including education, healthcare, and social welfare, serving as an alternative to state-funded programs (Muneeza & Kunhibava, 2024). Recent studies suggest that waqf can be structured to address financial sustainability challenges in modern pension systems, particularly in countries where Islamic finance plays a dominant role (Kasmon et al., 2023).

A notable example is the Selangor Waqf Corporation in Malaysia, which has successfully integrated waqf assets into public welfare initiatives. This model demonstrates how waqf-based funds can generate sustainable revenue streams to support pension and healthcare services for the elderly (Hassan & Jamaluddin, 2022). Similarly, in Turkey, the General Directorate of Foundations (Vakıflar Genel Müdürlüğü) manages waqf assets for social security purposes, including subsidizing healthcare costs and elderly welfare programs (Yakubu & Isbahi, 2022).

The key mechanism behind these models is waqf-linked investment portfolios, which ensure continuous income generation while preserving the principal waqf endowments. By leveraging Islamic financial instruments, such as sukuk (Islamic bonds) and sharia-compliant equity funds, waqf institutions can finance long-term retirement benefits and medical assistance programs without relying on traditional pension contributions (Al-Saudi, 2024).

Despite these successes, the integration of waqf into pension systems remains limited due to regulatory and operational barriers. Many national pension policies do not recognize waqf as a legitimate funding source, restricting its potential in formal retirement planning (Ismail et al., 2023b). To address this, policymakers must develop legal frameworks that facilitate waqf-based pension schemes, ensuring their compatibility with national retirement policies while maintaining compliance with sharia governance principles (Tahiri-Jouti, 2022).

Additionally, technological advancements in waqf management present new opportunities for expanding its role in pension financing. Digital platforms, such as

blockchain-based waqf registries, can enhance transparency, traceability, and efficiency in managing waqf-linked pension funds (Faturohman et al., 2020). By modernizing waqf administration, financial institutions can increase public trust and participation, making waqf-backed pension models more viable and scalable.

The growing interest in Islamic social finance as an alternative to state-funded pension schemes underscores the relevance of waqf in modern economic systems. By integrating waqf with existing financial instruments, this model offers a sustainable, ethical, and long-term solution to pension funding challenges, particularly in Muslim-majority economies.

4. Conceptualizing a Waqf-Backed Pension Model

While numerous studies have explored waqf's potential in economic development, there remains a lack of structured frameworks detailing its integration into pension systems (Sugianto et al., 2022). Most existing pension models are based on defined-benefit or defined-contribution schemes, both of which face funding sustainability issues (Nicholson et al., 2020). The proposed waqf-backed pension model aims to bridge this gap by leveraging waqf endowments as supplementary financial resources for retirement and healthcare security.

This model consists of three core components:

- a. **Waqf-Linked Pension Fund** – A hybrid system where waqf-generated income supplements conventional pension contributions, ensuring long-term financial stability.
- b. **Healthcare Waqf Endowment** – A dedicated fund within the waqf structure that subsidizes medical expenses and long-term healthcare services for retirees.
- c. **Sharia-Compliant Investment Mechanism** – Utilizing Islamic financial instruments, such as sukuk and real estate waqf, to generate sustainable pension payouts.

One key advantage of this model is its ability to reduce dependency on government-backed pension programs, allowing state resources to be redirected toward other social welfare initiatives (Hassan & Jamaluddin, 2022). Unlike conventional pension schemes,

which are often vulnerable to market fluctuations and demographic shifts, waqf-based funding offers a stable and continuous income stream (Tahiri-Jouti, 2022).

The operational feasibility of this model depends on several factors:

- a. Legal and regulatory support – Governments must introduce clear guidelines that enable pension funds to utilize waqf-generated income while ensuring compliance with sharia governance.
- b. Public-private partnerships (PPP) – Collaboration between financial institutions, pension regulators, and waqf administrators is essential to streamline fund management and optimize asset allocation (Kasmon et al., 2023).
- c. Public awareness and participation – Financial literacy programs must be developed to educate the public on waqf's role in retirement security, encouraging voluntary contributions and endowments (Muneeza & Kunhibava, 2024).

Several pilot projects have demonstrated the feasibility of Islamic finance-driven pension models. In Indonesia, the National Waqf Movement (Gerakan Nasional Wakaf Uang) has promoted waqf-linked investments for public welfare, paving the way for future pension-oriented waqf schemes (Faturrohman et al., 2020). Similarly, in the UAE, initiatives to integrate Islamic endowments into social security systems have highlighted waqf's potential in ensuring long-term economic resilience (Al-Saudi, 2024).

Given the increasing demand for sustainable pension solutions, the proposed waqf-backed pension model provides a strategic, ethical, and financially sound approach to securing retirement and healthcare funding. Future research should focus on empirical validation, assessing the real-world impact of waqf integration into pension schemes across different economic contexts.

Research Methods

This study employs a qualitative doctrinal legal research approach to examine the integration of waqf into pension schemes, particularly in enhancing financial sustainability and healthcare access for retirees. The research is conducted through documentary analysis, focusing on legal texts, financial reports, waqf management

frameworks, and pension system models. This method allows for a comprehensive assessment of the feasibility of incorporating waqf within existing pension structures.

Data sources used in this article include:

1. Primary Sources – Islamic legal principles (fiqh texts), pension regulations, and waqf governance policies.
2. Secondary Sources – Peer-reviewed journal articles, policy papers, and case studies on successful waqf-based financial models.

The study follows a comparative analytical approach, evaluating existing pension schemes and their compatibility with waqf-based funding mechanisms. The analysis is structured around key financial and legal parameters, including fund sustainability, healthcare financing potential, and governance structures. By synthesizing these findings, this paper proposes a practical integration model that aligns waqf with defined-benefit and defined-contribution pension systems. The model aims to offer a sustainable alternative to traditional pension funding, ensuring long-term financial security and improved healthcare services for retirees and their beneficiaries.

Finding and Discussion

1. The Need for Pension Reform and Waqf's Potential Role

The increasing global aging population has placed enormous pressure on conventional pension systems, particularly in ensuring financial sustainability and adequate healthcare provisions for retirees. According to Han et al., (2020), most pension funds worldwide face a funding gap due to demographic shifts, where the ratio of active workers to retirees is steadily declining. This imbalance threatens the long-term viability of pension schemes, as fewer contributors must support a growing number of beneficiaries. In addition, the rising costs of healthcare for the elderly have further strained pension funds, particularly in countries where healthcare is largely financed through social security programs (Encinas-Goenechea et al., 2020).

Many Muslim-majority countries face additional challenges due to underdeveloped social security systems and a high prevalence of informal employment. In such economies, a large portion of the workforce does not have access to formal pension

schemes, making them financially vulnerable post-retirement (Ebbinghaus, 2021). This situation necessitates alternative pension funding mechanisms, particularly those that align with Islamic finance principles. Waqf, as an endowment system with a perpetual financial structure, presents a viable solution to address these shortcomings.

Historically, waqf has played a crucial role in financing public welfare, particularly in the fields of education, healthcare, and poverty alleviation (Ab Rahman et al., 2024). Unlike conventional pension schemes, which rely on contributions from workers and employers, waqf functions as a self-sustaining financial instrument where only the investment returns are utilized, preserving the principal endowment indefinitely (Ismail et al., 2023a). By leveraging this characteristic, integrating waqf with pension funds could ensure continuous financial support for retirees while reducing dependency on government-backed pension systems.

This integration could also enhance healthcare access, as waqf-generated income can be directed toward subsidizing medical expenses for pensioners and their heirs. In many historical contexts, waqf institutions funded hospitals, clinics, and free medical services, illustrating their potential role in modern pension systems (Muneeza & Kunhibava, 2024). Given the rising burden of healthcare costs, a waqf-based pension model could effectively bridge the gap between financial security and medical accessibility, particularly for aging populations in Islamic economies.

2. Proposed Waqf-Backed Pension Model

To address the dual challenges of pension sustainability and healthcare accessibility, this study proposes a waqf-backed pension framework structured around several key components:

a. Hybrid Funding Mechanism

One of the most pressing issues in pension sustainability is the instability of single-source funding. Conventional pension schemes primarily operate under defined-benefit (DB) or defined-contribution (DC) models. The DB model guarantees a fixed payout to retirees, regardless of investment performance, whereas the DC model depends on accumulated contributions and market performance

(Hinrichs, 2021). However, both models have limitations—DB pensions create long-term financial liabilities, while DC pensions expose retirees to market volatility (Sorsa & Zwan, 2022).

To mitigate these risks, this paper proposes a hybrid waqf-pension scheme, where waqf-generated income supplements conventional pension funds. Under this model:

- Retirement benefits are primarily funded through pension contributions (as in the traditional DC model), ensuring personal financial responsibility.
- Waqf-generated returns act as a stabilizing factor, covering shortfalls in pension payouts and providing additional financial security for low-income retirees.
- The government and private sector can participate by co-funding waqf-based pension initiatives, further strengthening the financial sustainability of the system.

This hybrid approach ensures greater economic resilience by reducing reliance on volatile market-based pension funds while promoting Islamic financial ethics (Nicholson et al., 2020).

b. Healthcare Endowment Fund

Given that healthcare costs are a major concern for retirees, a dedicated healthcare endowment fund within the waqf-backed pension model can provide direct financial assistance for medical expenses. This fund would operate as follows:

- A portion of waqf assets is allocated to healthcare services, ensuring consistent funding for pensioners' medical needs.
- The fund subsidizes out-of-pocket healthcare costs, particularly for essential treatments and hospitalization expenses.
- It can be linked with national health insurance schemes, reducing the overall financial burden on public healthcare systems.

Historical examples of waqf-funded hospitals illustrate the feasibility of this approach. For instance, in Ottoman-era Turkey and Mughal India, waqf institutions financed medical facilities that provided free healthcare to the public, particularly for the elderly and the underprivileged (El Daly, 2022). Implementing a similar mechanism within a modern pension framework can ensure access to quality healthcare for retirees without compromising their financial stability.

c. Investment-Based Growth

To maintain the financial sustainability of the waqf-backed pension model, waqf assets must be strategically invested in sharia-compliant sectors. This includes:

- Real estate waqf – Renting out waqf-owned properties to generate steady cash flows.
- Islamic equity funds – Investing in ethical, halal-compliant businesses to ensure long-term capital appreciation.
- Public-private partnerships (PPP) – Collaborating with financial institutions to expand waqf-driven pension schemes and scale their impact (Kasmon et al., 2023).

By leveraging Islamic financial instruments, such as sukuk (Islamic bonds) and waqf-linked investment funds, this model can ensure sustainable returns while maintaining the integrity of the pension scheme (Hassan & Jamaluddin, 2022).

3. Practical Implementation Challenges and Policy Recommendations

Despite the potential benefits of integrating waqf into pension funds, several challenges must be addressed to ensure effective implementation. These challenges primarily revolve around regulatory barriers, governance issues, and public participation.

a. Regulatory Barriers

One of the primary obstacles in adopting a waqf-backed pension system is the lack of a legal framework that accommodates such integration. Most pension regulations operate under conventional financial structures, which do not account for Islamic endowment-based funding (Muneeza & Kunhibava, 2024). Additionally, the classification of waqf as a charitable asset often limits its use for pension-related expenditures, requiring legal adjustments to allow for investment-driven growth.

Policy Recommendation:

To overcome these challenges, governments should establish clear legal provisions that define the role of waqf in pension systems. This includes:

- Allowing waqf institutions to manage pension-related investments under sharia-compliant financial models.

- Introducing hybrid pension schemes that legally incorporate waqf contributions and investment returns.
- Providing tax incentives for corporate and individual waqf contributors, encouraging more widespread participation.

By addressing these regulatory gaps, policymakers can create a stable and legally compliant framework for integrating waqf with pension schemes (Al-Saudi, 2024).

b. Governance and Transparency

Another significant challenge is ensuring the transparent and accountable management of waqf assets within pension funds. Historically, mismanagement and lack of oversight have led to inefficiencies in waqf administration, reducing its potential impact (Ismail et al., 2023b). Poor governance can result in misallocation of resources, diminishing the sustainability of pension funds.

Policy Recommendation:

- Implement standardized governance models with independent oversight bodies to monitor waqf-based pension funds.
- Utilize blockchain technology and digital waqf registries to enhance transparency, accountability, and traceability of pension-related waqf transactions (Kasmon et al., 2023).
- Establish professional waqf fund managers trained in Islamic financial management and pension fund administration to ensure optimal asset allocation and risk mitigation.

Through these measures, waqf-based pension models can gain greater credibility and public trust, ensuring long-term sustainability (Faturohman et al., 2020).

c. Public Awareness and Participation

For a waqf-backed pension model to succeed, public participation is essential. Many people remain unaware of waqf's role in financial security beyond its traditional charitable function (Qurrata et al., 2021). Additionally, misconceptions regarding the eligibility and accessibility of waqf-based pension benefits may hinder adoption.

Policy Recommendation:

- Launch public awareness campaigns on the benefits of waqf-backed pensions, particularly in regions with low financial literacy.
- Develop accessible digital platforms that allow individuals to contribute to waqf-based pension funds through mobile and online banking.
- Encourage corporate waqf programs, where businesses dedicate a portion of their zakat or CSR funds to sustain pension schemes for retired employees.

By fostering greater engagement, the integration of waqf into pensions can become a widely accepted and participatory initiative (Laluddin et al., 2021).

4. Potential Impact on Financial and Social Security

A well-integrated waqf-backed pension model has the potential to transform financial and social security frameworks, particularly in Muslim-majority economies. Its impact extends across economic stability, healthcare accessibility, and intergenerational wealth distribution.

a. Reduced Public Pension Liabilities

One of the most pressing issues in government-funded pension schemes is fiscal sustainability. Many nations allocate significant portions of their GDP to cover pension liabilities, creating long-term budgetary constraints (Encinas-Goenechea et al., 2020). By supplementing pension systems with waqf-generated income, governments can reduce financial burdens while ensuring continued pension payouts.

A study by Yakubu & Isbahi (2022) highlights that Islamic social finance mechanisms such as waqf and zakat can alleviate state dependency on pension subsidies, freeing up resources for other developmental priorities.

b. Enhanced Healthcare Access for Retirees

Healthcare remains a major financial burden for retirees, particularly in countries without universal health coverage. A waqf-supported pension model ensures:

- Subsidized medical expenses for pensioners and their dependents.
- Financial backing for hospitals and clinics dedicated to elderly healthcare services.
- Funding for preventive care programs, reducing long-term medical costs (Hassan & Jamaluddin, 2022).

Studies on historical waqf-funded healthcare models show that waqf hospitals in the Ottoman Empire provided free medical services to thousands of citizens, demonstrating the long-term viability of healthcare endowments (El Daly, 2022). By replicating this model, modern pension systems can enhance healthcare affordability for retirees.

c. Intergenerational Wealth Preservation

Unlike conventional pension schemes that typically cease upon the retiree's death, a waqf-backed pension system can extend financial benefits to heirs and dependents. Through intergenerational waqf structures, retirees can:

- Ensure continued financial security for their families after their passing.
- Transfer pension benefits to designated heirs within sharia-compliant frameworks.
- Support community welfare projects that benefit future generations (Tahiri-Jouti, 2022).

This mechanism aligns with Islamic wealth distribution principles, fostering socioeconomic stability while reducing generational poverty (Zauro et al., 2020).

d. Strengthening Islamic Financial Markets

The adoption of waqf-backed pension schemes also has broader economic implications. It fosters growth in Islamic financial instruments, such as:

- Sukuk (Islamic bonds) issued for pension financing.
- Sharia-compliant investment portfolios managed by pension waqf institutions.
- Microfinance waqf initiatives that support small businesses and retirement planning (Razak, 2020).

By positioning waqf as a key player in pension funding, this model promotes financial inclusivity and economic resilience in Muslim-majority nations (Sugianto et al., 2022).

Conclusion

The integration of waqf-backed pension funds offers a sustainable and ethical solution to address financial and healthcare challenges in retirement systems, particularly in Muslim-majority economies. By leveraging waqf assets, pension funds can achieve

long-term financial stability while reducing public pension liabilities and enhancing healthcare accessibility for retirees. This model ensures intergenerational wealth distribution, allowing pensioners to extend financial security to their heirs while maintaining Islamic financial ethics. Additionally, establishing waqf-based healthcare endowment funds can provide medical subsidies, ensuring retirees receive necessary healthcare without overburdening state resources.

To implement this model effectively, governments and financial institutions must develop regulatory frameworks, establish transparent waqf governance, and promote public participation. Leveraging Islamic financial instruments, such as sukuk and waqf-linked investments, can further enhance sustainability. Future research should focus on empirical case studies and pilot programs to evaluate the feasibility of waqf-integrated pension schemes. By adopting a structured policy approach, waqf-backed pensions can contribute to greater financial security, social welfare, and healthcare sustainability for retirees and their dependents.

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