



Older workers and retirement in England

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Background

- Retirement trajectories and work at older ages are of key policy interest now
 - Adequacy of retirement resources and the sustainability of pension systems
 - “Work longer, save more or retire poorer”
 - Wellbeing and quality of life of older people

Background

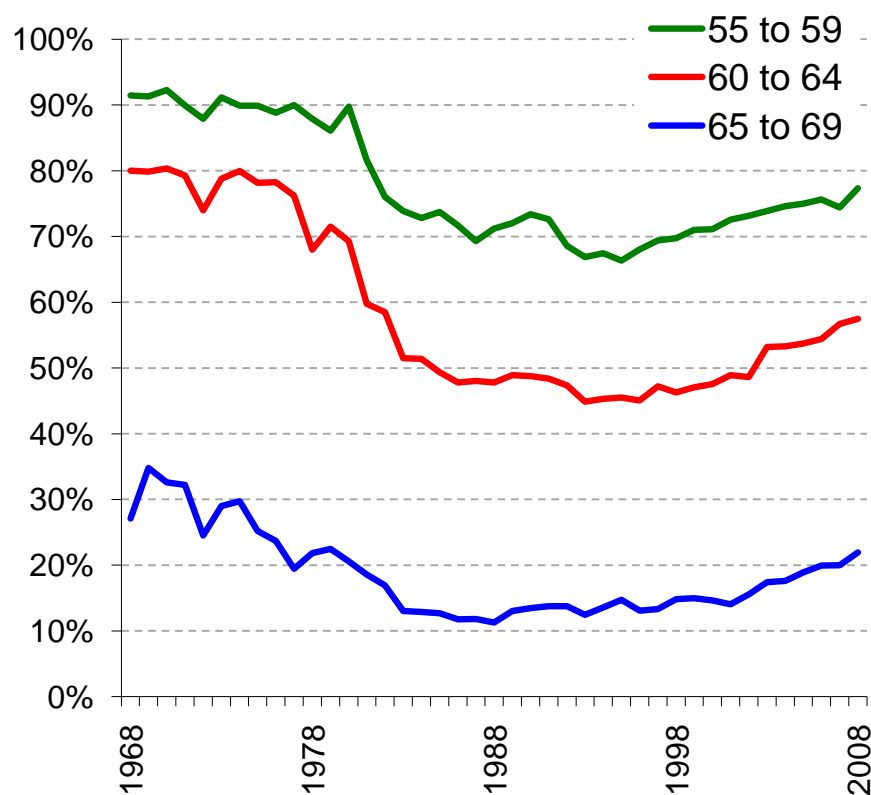
- Retirement trajectories and work at older ages are of key policy interest now
- These talks have covered two important issues
 - Employment conditions/circumstances and firms' accommodation of older workers
 - and specifically the role of stress
 - Trajectories of wellbeing as individual workers retire

Much less of life now spent in work

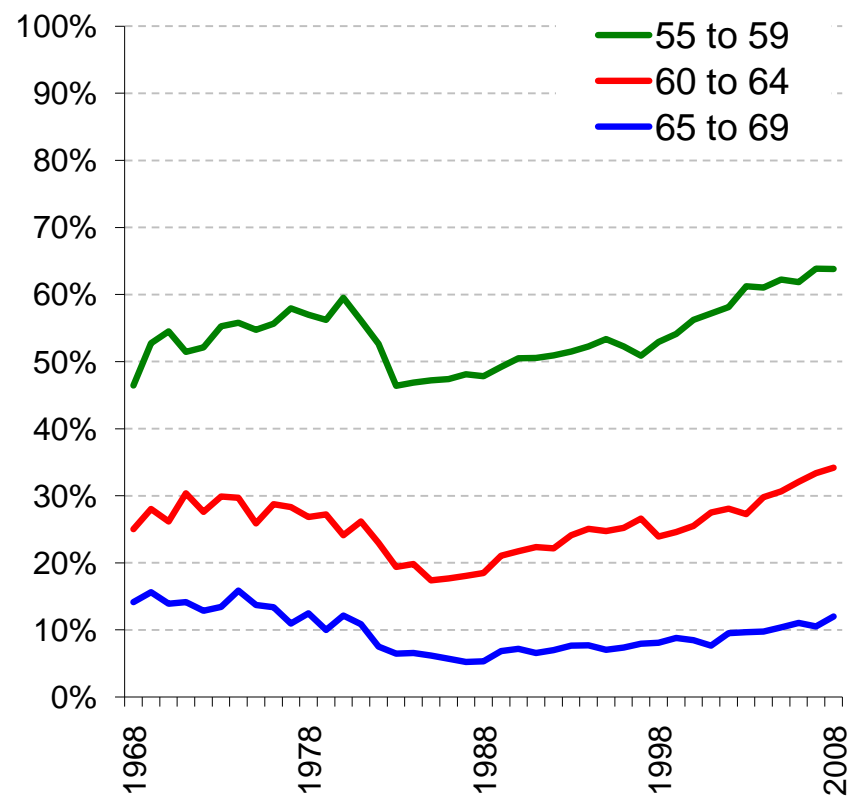
- 1900 cohort: 79% of life in labour market
 - Entered labour market early and LE ‘low’
- 1950 cohort: 56% of life in labour market
 - Rise in e_{65} and increase in school leaving age
 - ‘Average retirement age’ around 61

Labour force participation rates

Men



Women

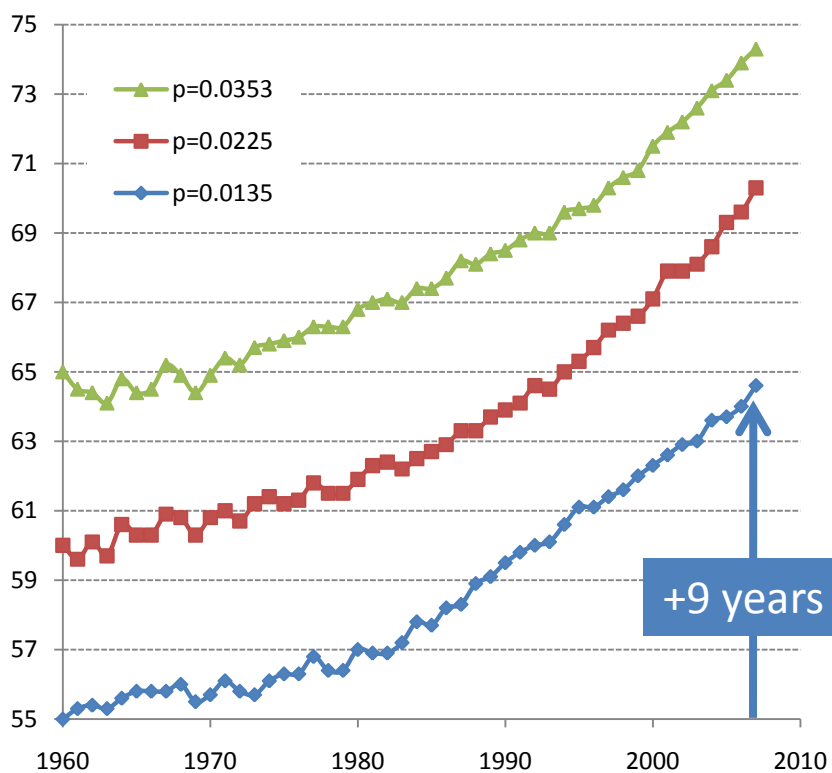


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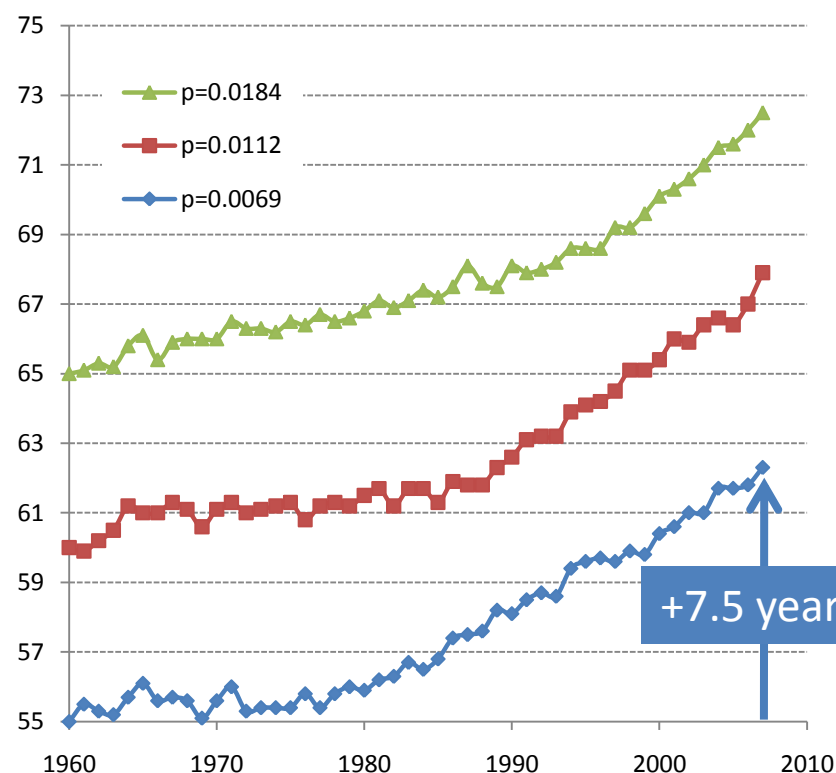
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 - Entered labour market early and LE ‘low’
- 1950 cohort: 56% of life in labour market
 - Rise in e_{65} and increase in school leaving age
 - ‘Average retirement age’ around 61
- 1970 cohort:
 - 60%? Need average retirement age of 66
 - 80%? Need average retirement age of 75

Ages with equivalent mortality probabilities

Men



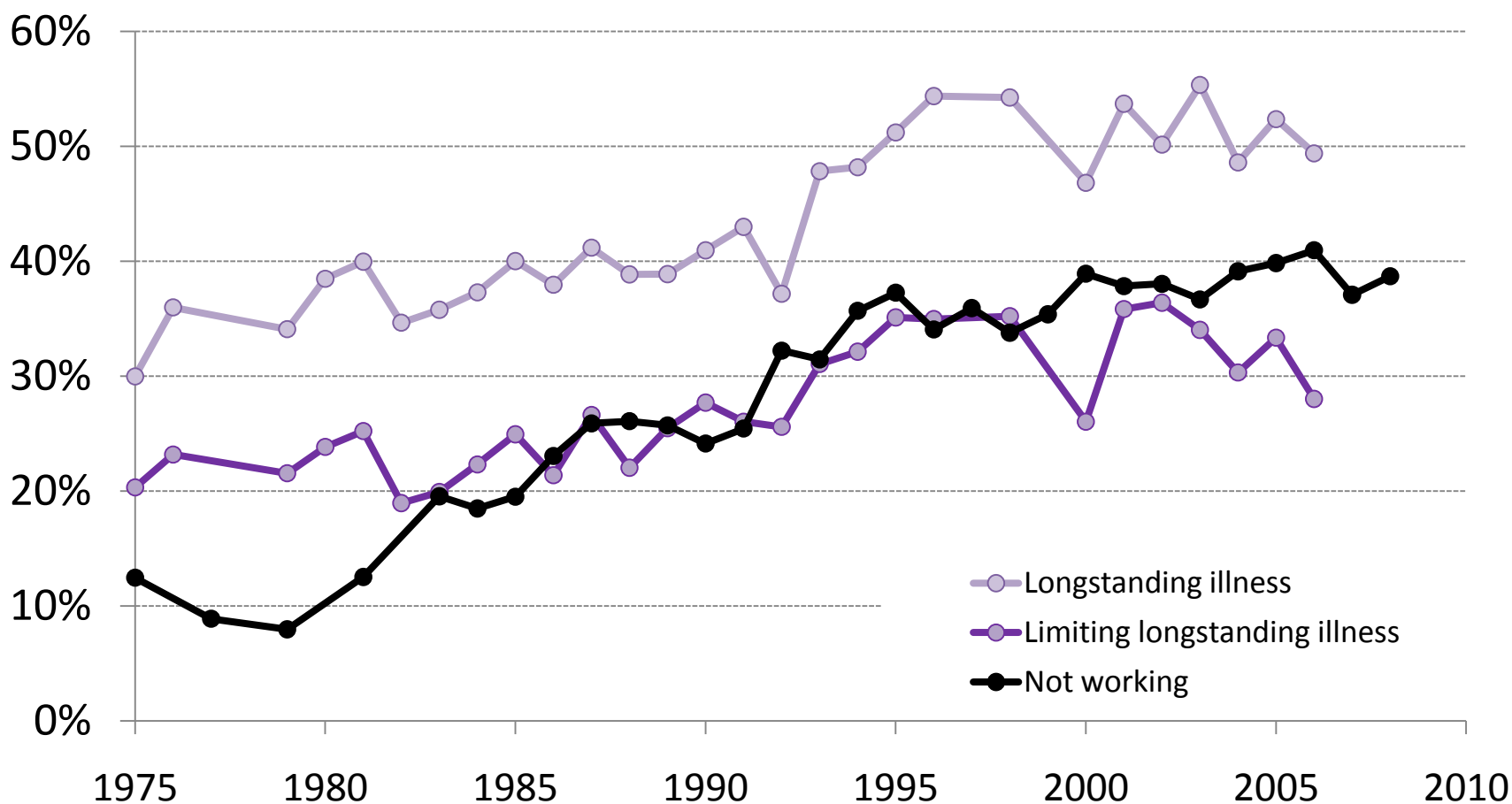
Women



If health is better, why aren't more people working?

- Wealth effects
- Incentive effects
 - Occupational DB pensions
 - Public pensions and welfare benefits
- Is health better?
 - Work disability

Labour market participation and self-reported health measures for men with one percent mortality rate



If health is better, why aren't more people working?

- Wealth effects
- Incentive effects
 - Occupational DB pensions
 - Public pensions and welfare benefits
- Is health better?
 - Work disability
- Capabilities and productivity
- Firms demand for older workers
- Preferences for leisure

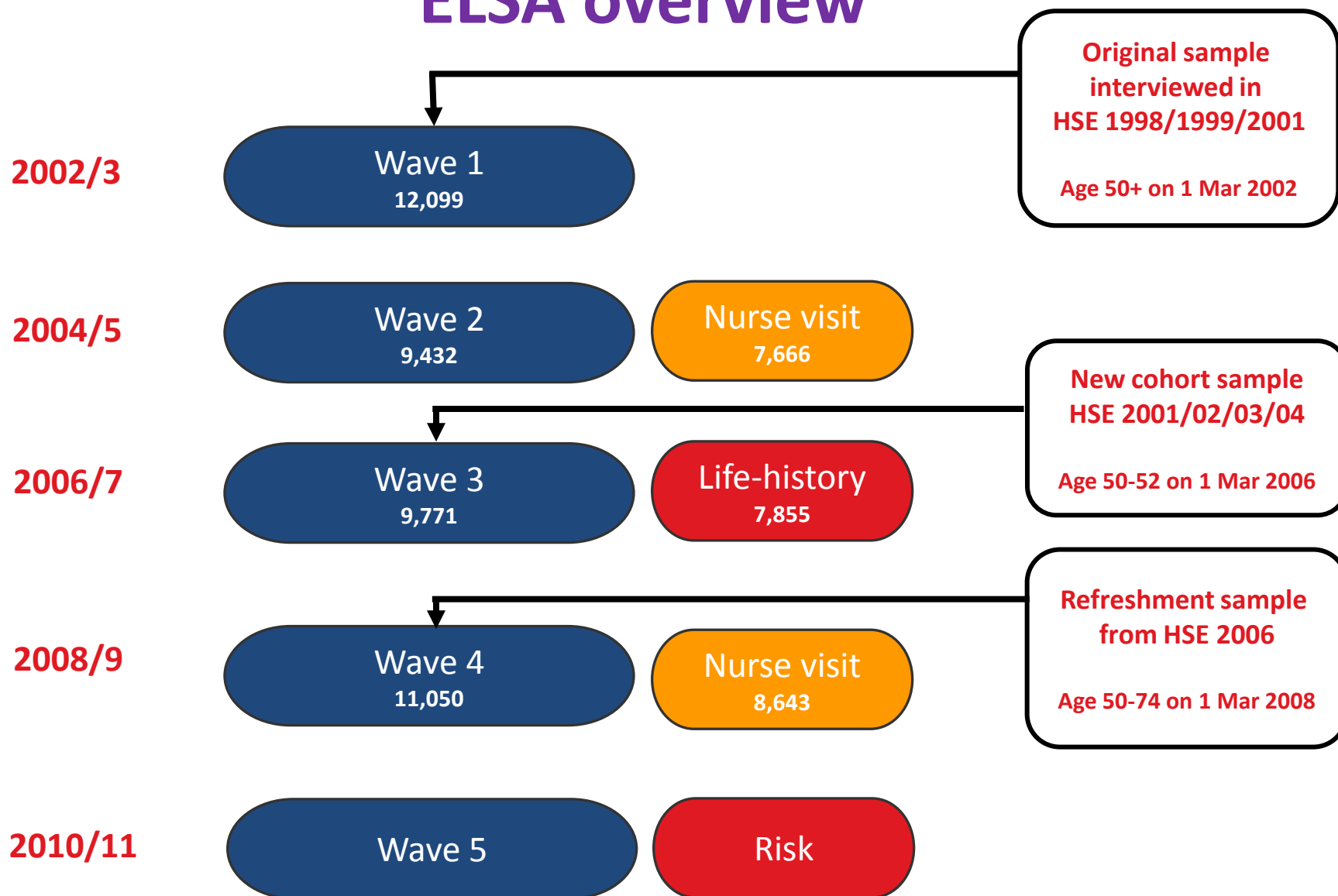
A microeconomist's perspective

- Controlling for individual, family and firm choices complicates analysis significantly
 - particularly in models with forward-looking behaviour and expectations
- Need to understand the relative role of different factors driving retirement when making inferences from observational data
 - Data need to be longitudinal and very detailed in many dimensions
 - And you need a model of behaviour

ELSA: The English Longitudinal Study of Ageing

- A multidisciplinary research study:
 - Economists: **Banks**, Blundell, Oldfield (IFS/Manchester/UCL)
 - Epidemiologists: Steptoe, Marmot (UCL)
 - Survey researchers (National Centre for Social Research)
 - plus psychologists, sociologists and health scientists (Manchester (**Nazroo**), Cambridge, UEA, Imperial)
- Funded currently to 2014 by UK Government & US NIA
- c.12,000 respondents aged 50+ in England in 2002
 - Further refreshment samples in 2006, 2008, 2010

ELSA overview



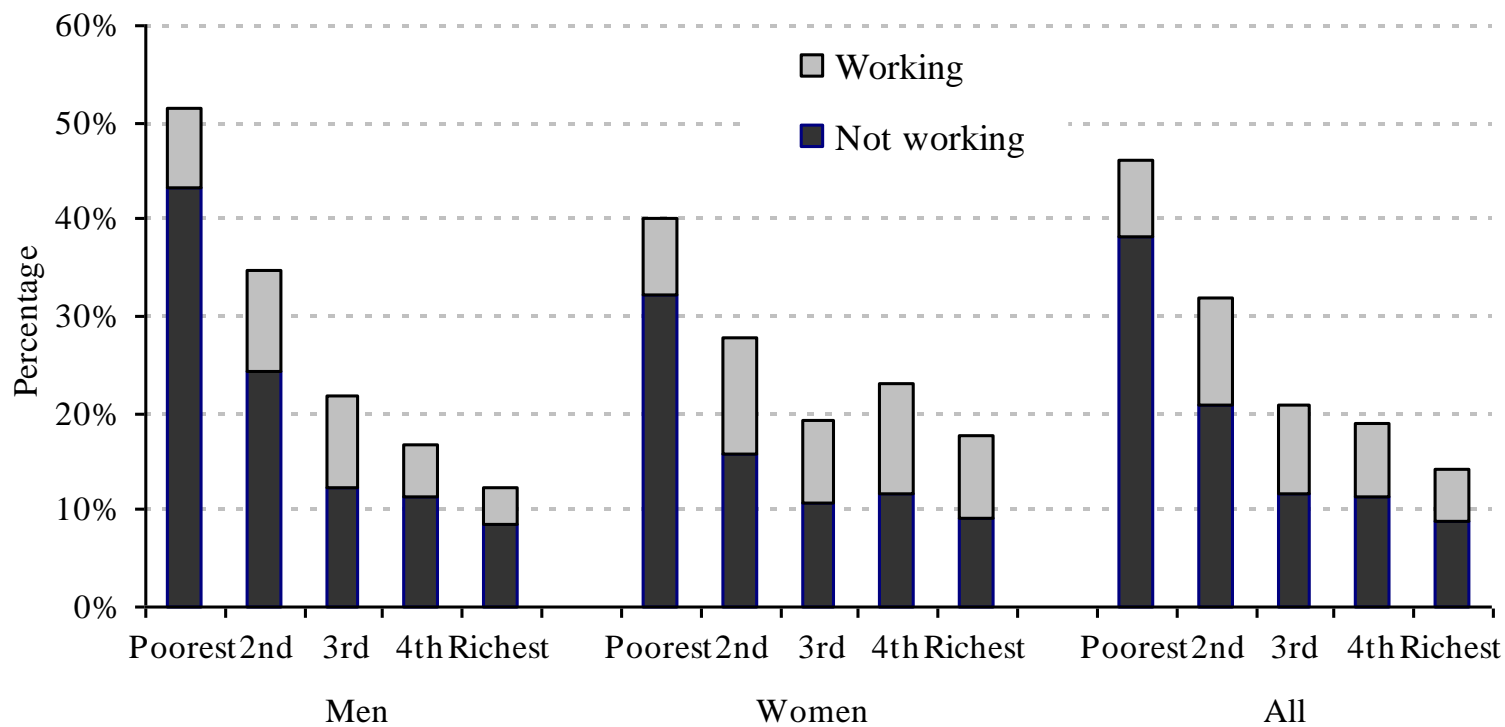
Elements of the ELSA data

- Interview
 - Economic, health, cognitive, expectations, walking speed
- Self-completion questionnaires
 - Psychosocial health; wellbeing and quality of life; social capital, networks and support; subjective social status, alcohol consumption
- Nurse visits
 - Performance tests, physical measurements, biomarker collection
- Life-history interview
 - Marriage, fertility, housing, employment, early-life
- Linkage to government admin records
 - DWP, HMRC, DH

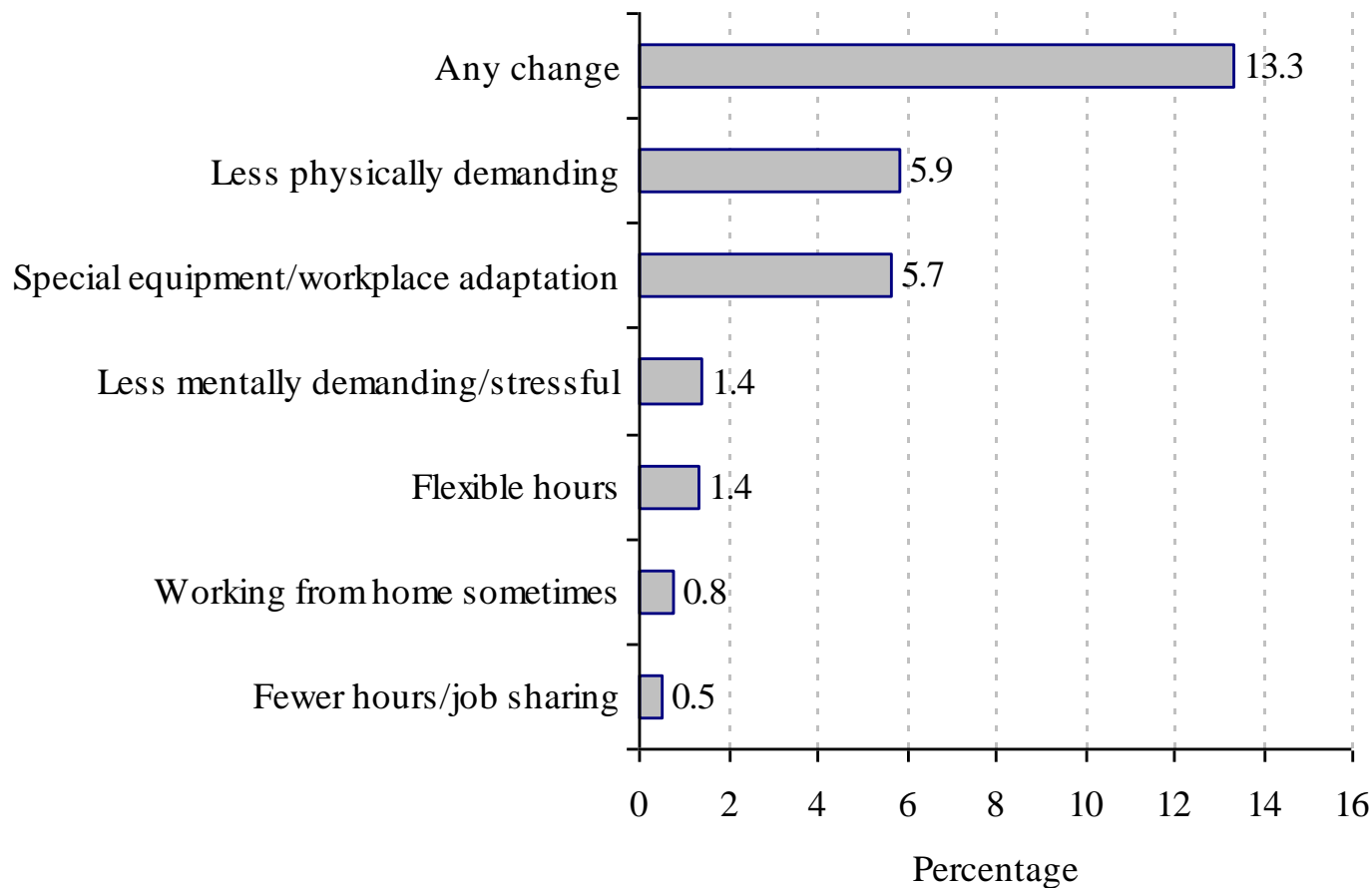
ELSA broad questionnaire coverage

- Demographics
- Self-assessed health
- Diagnosed disease and symptoms
- Activities of daily living and Instrumental ADLs
- Eyesight, hearing, pain, falls
- Mental health
- Cognitive function
- Quality of received medical care
- Health behaviours
- Walking speed
- Psychosocial factors and subjective well-being
- Housing
- Household income and earnings
- Wealth
- Pensions and retirement
- Employment and job characteristics
- Consumption/spending
- Expectations for the future
- Social capital
- Social and cultural participation
- Social and family networks and support

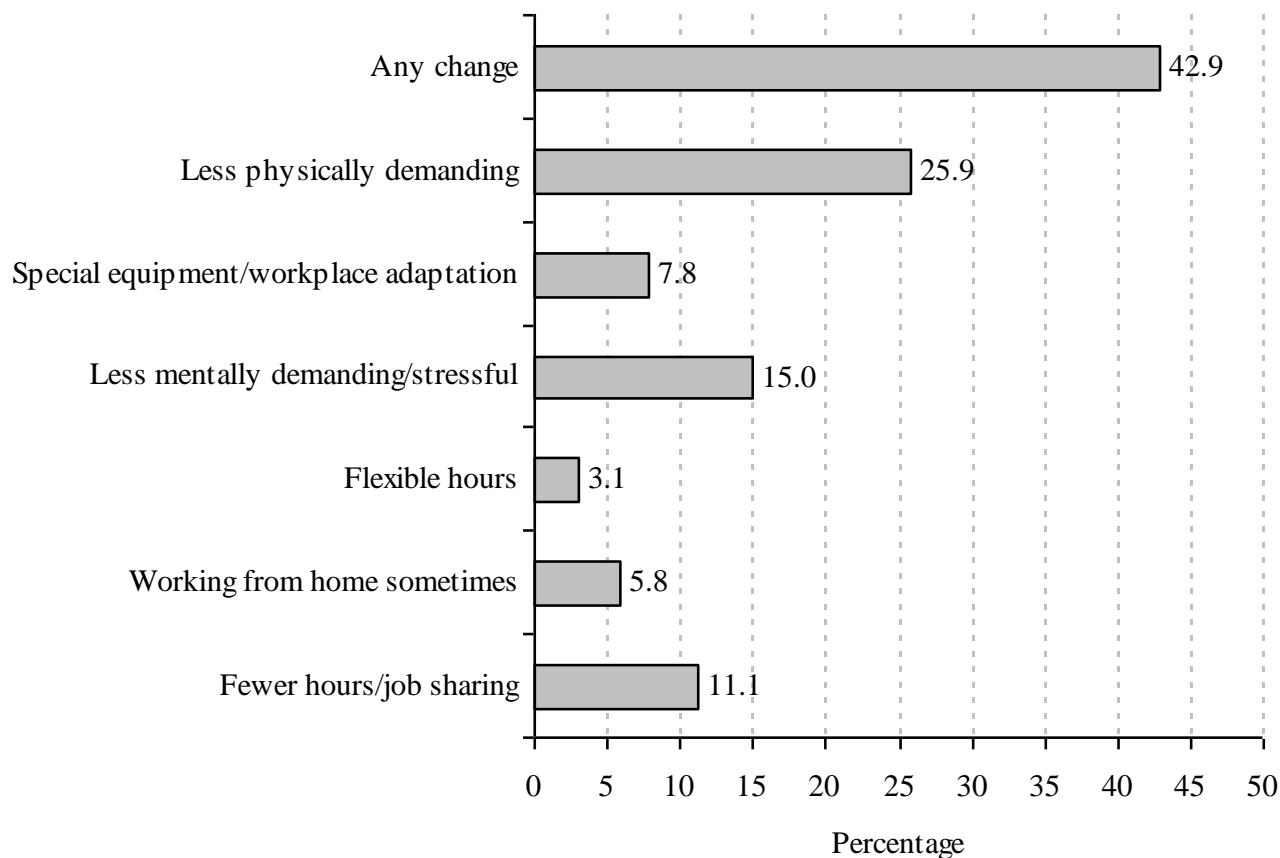
Fraction with a work disability by wealth quintile, split by whether currently working; Ages 50-SPA



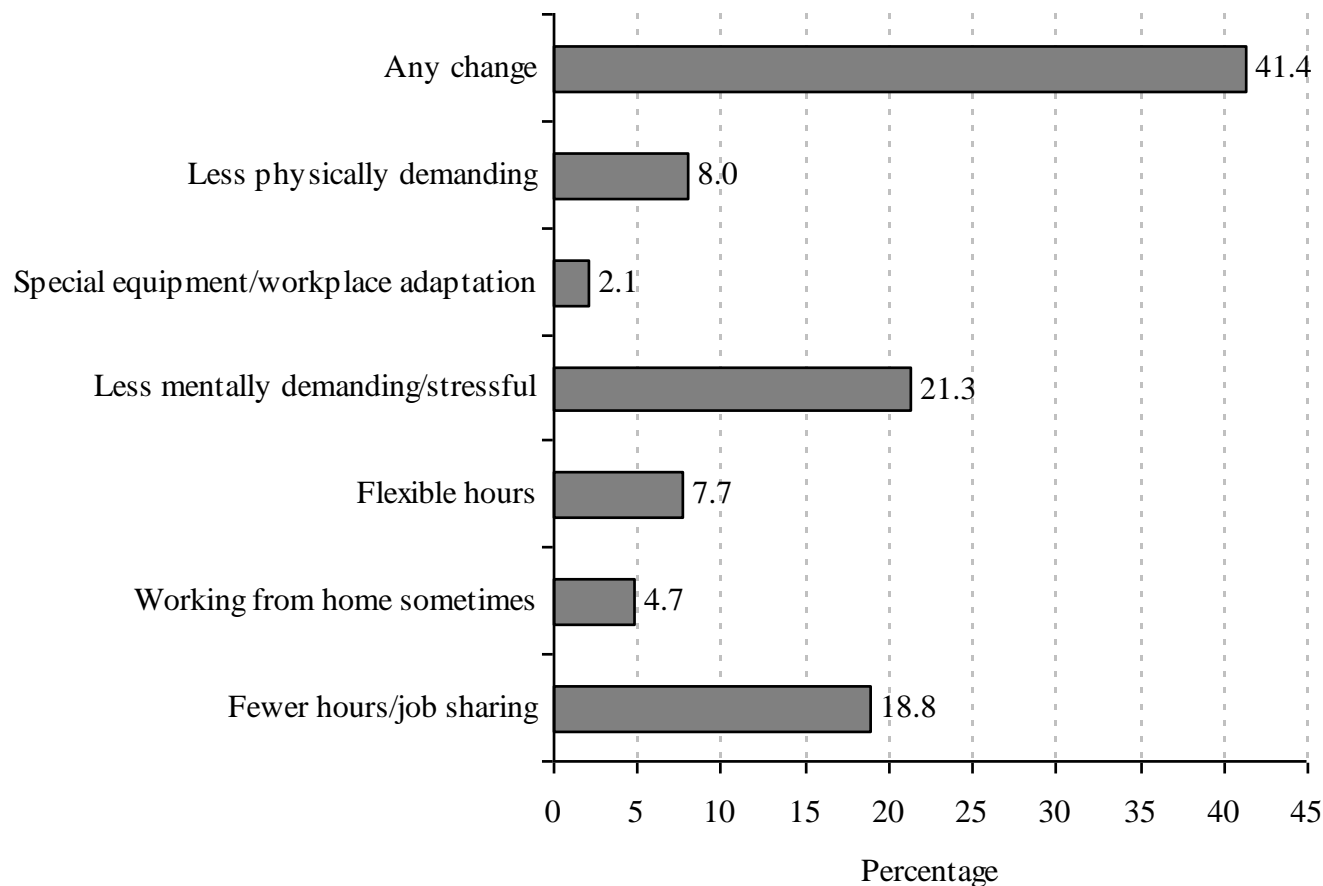
Actual job changes: workers with a work disability but whose health doesn't limit ability to work in job



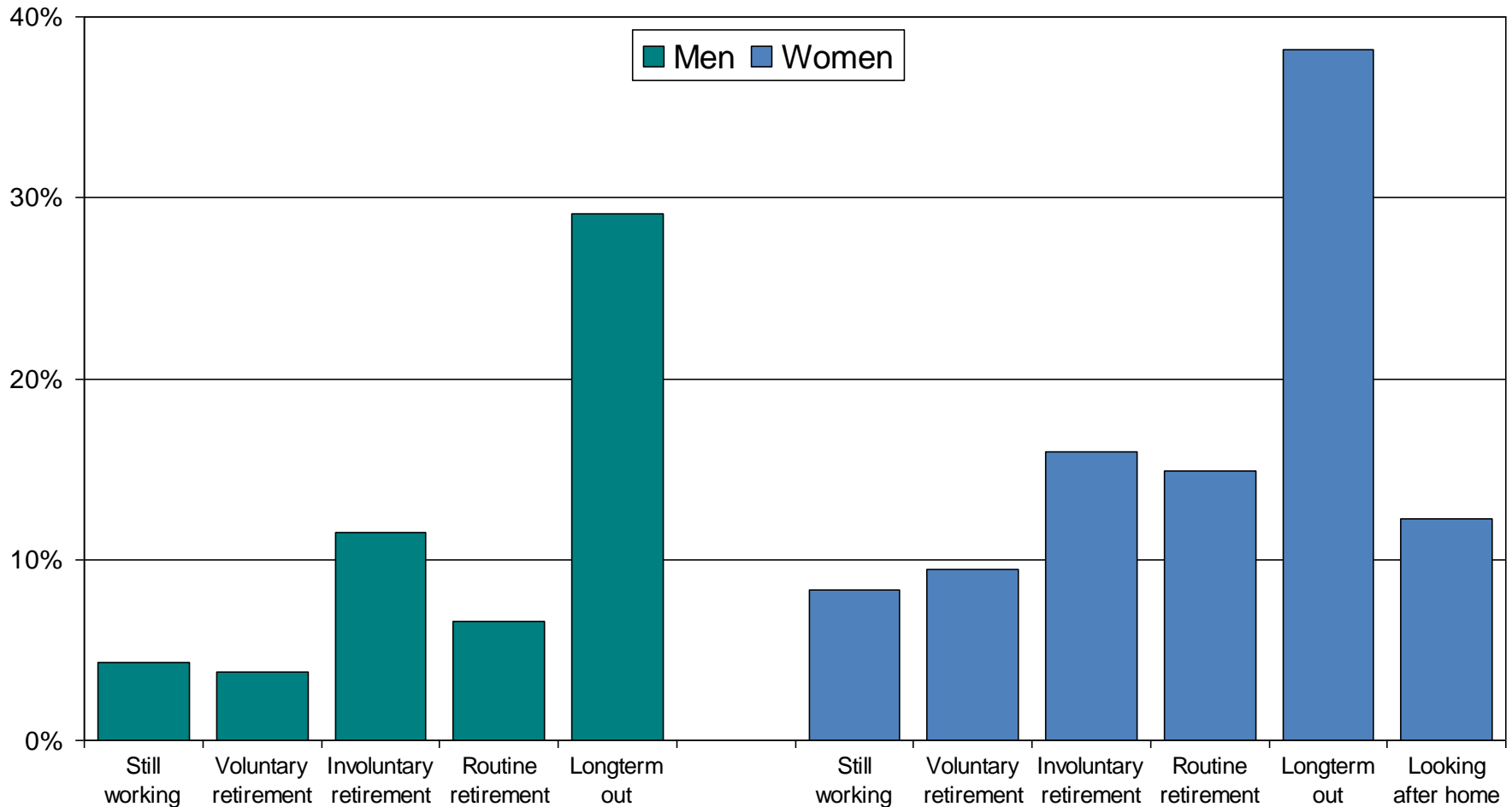
Desired job changes: workers with a work disability and whose health limits ability to work in current job



Desired job changes: workers without a work disability



Retirement status and depression



Retirement and depression

A transition model for those \leq state pension age

Modelling depression score at wave 2: ordinal logistic regression coefficients

	Undifferentiated model	Differentiated model	Differentiated model and health
Remain working	0		
Start working	0.02 (-0.40, 0.44)		
Remain not working	0.44 (0.30, 0.60)		
Become unemployed	-0.05 (-0.71, 0.62)		
Stop working, sick	1.16 (0.66, 1.67)		
Start looking after the home	-0.60 (-1.18, -0.03)		
Retire	0.04 (-0.22, 0.31)		
Retire wealthy	-		
Retire not wealthy	-		

*Models adjusted for gender, age and depression score at wave 1

Retirement and depression

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Modelling depression score at wave 2: ordinal logistic regression coefficients

	Undifferentiated model	Differentiated model	Differentiated model and health
Remain working	0	0	
Start working	0.02 (-0.40, 0.44)	0.02 (-0.40, 0.44)	
Remain not working	0.44 (0.30, 0.60)	0.46 (0.30, 0.61)	
Become unemployed	-0.05 (-0.71, 0.62)	-0.04 (-0.71, 0.62)	
Stop working, sick	1.16 (0.66, 1.67)	1.17 (0.66, 1.68)	
Start looking after the home	-0.60 (-1.18, -0.03)	-0.60 (-1.17, 0.03)	
Retire	0.04 (-0.22, 0.31)	-	
Retire wealthy	-	-0.41 (-0.82, 0.01)	
Retire not wealthy	-	0.37 (0.03, 0.70)	

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Retirement and depression

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Modelling depression score at wave 2: ordinal logistic regression coefficients

	Undifferentiated model	Differentiated model	Differentiated model and health
Remain working	0	0	0
Start working	0.02 (-0.40, 0.44)	0.02 (-0.40, 0.44)	-0.12 (-0.55, 0.30)
Remain not working	0.44 (0.30, 0.60)	0.46 (0.30, 0.61)	0.19 (0.03, 0.35)
Become unemployed	-0.05 (-0.71, 0.62)	-0.04 (-0.71, 0.62)	-0.15 (-0.84, 0.54)
Stop working, sick	1.16 (0.66, 1.67)	1.17 (0.66, 1.68)	0.49 (-0.02, 1.00)
Start looking after the home	-0.60 (-1.18, -0.03)	-0.60 (-1.17, 0.03)	-0.61 (-1.19, -0.03)
Retire	0.04 (-0.22, 0.31)	-	-
Retire wealthy	-	-0.41 (-0.82, 0.01)	-0.46 (-0.89, -0.04)
Retire not wealthy	-	0.37 (0.03, 0.70)	0.29 (-0.04, 0.63)

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Summary

- Labour force participation of older workers is a very important issue
- Need to understand more about ‘productivity’ of older workers and preferences for different types of work
- Many related issues surrounding employer behaviours

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- Labour force participation of older workers is a very important issue
- Need to understand more about ‘productivity’ of older workers and preferences for different types of work
- Many related issues surrounding employer behaviours

- Retirement trajectories and wellbeing is actually a linked issue and equally complex
- Work opportunities and circumstances may cast long shadows onto later retirement outcomes

- Lots of interesting further work to do



ELSA is public use data

More information available here:

<http://www.ifs.org.uk/elsa>

Thank you!