

Does Working Longer Enhance Old Age?

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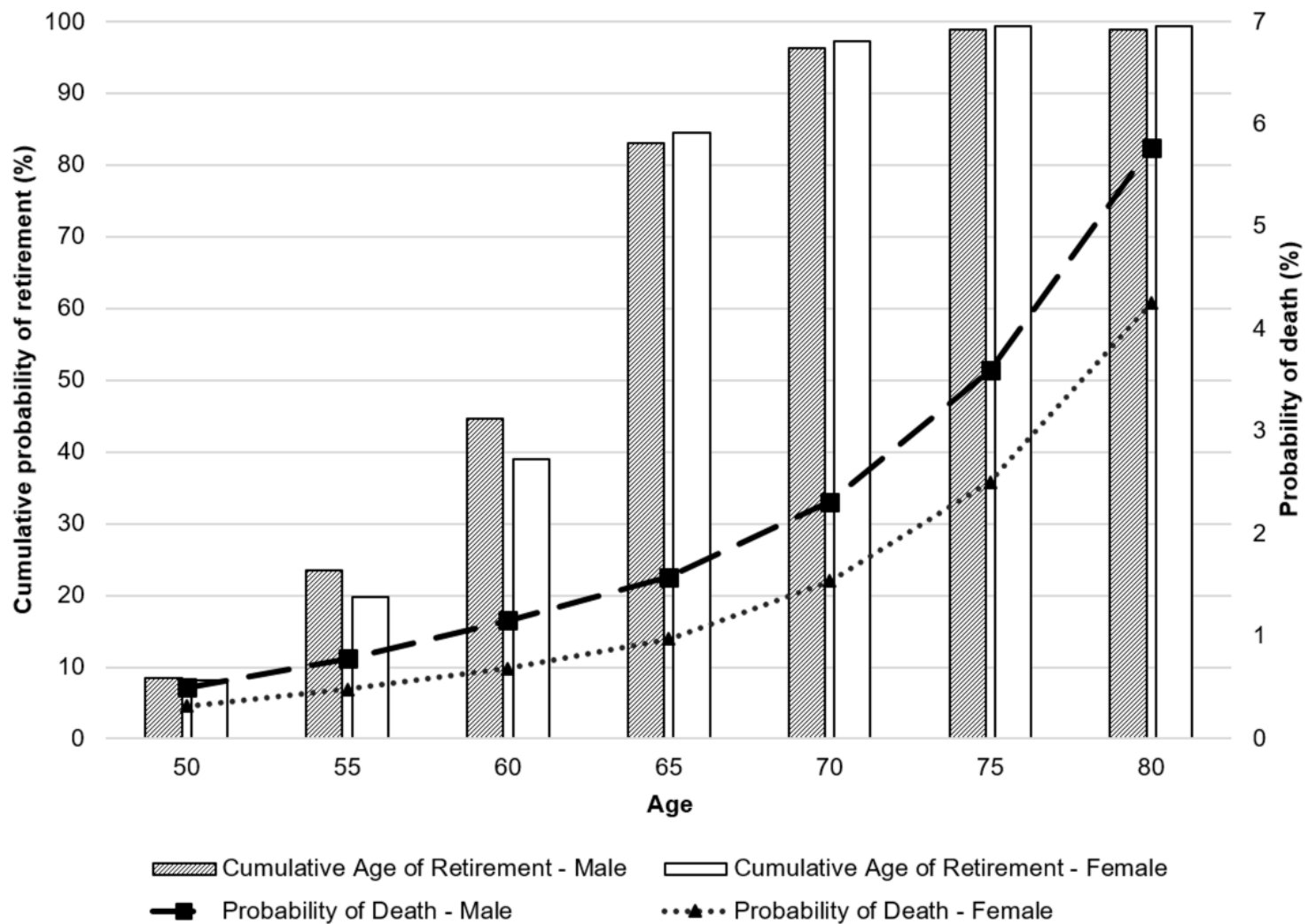
Managing Longevity Risk: New Roles for
Public/Private Engagement
Pension Research Council Symposium
May 7, 2020

Relationship between Health and Retirement

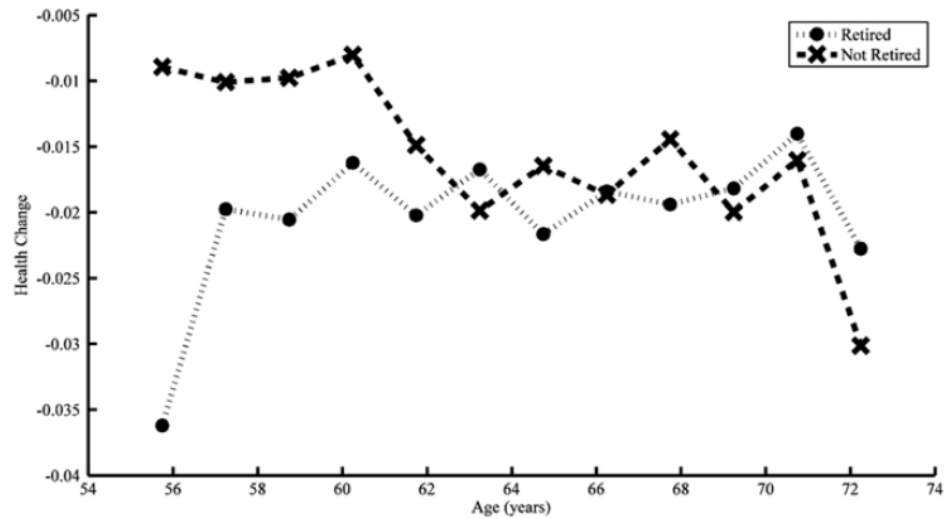
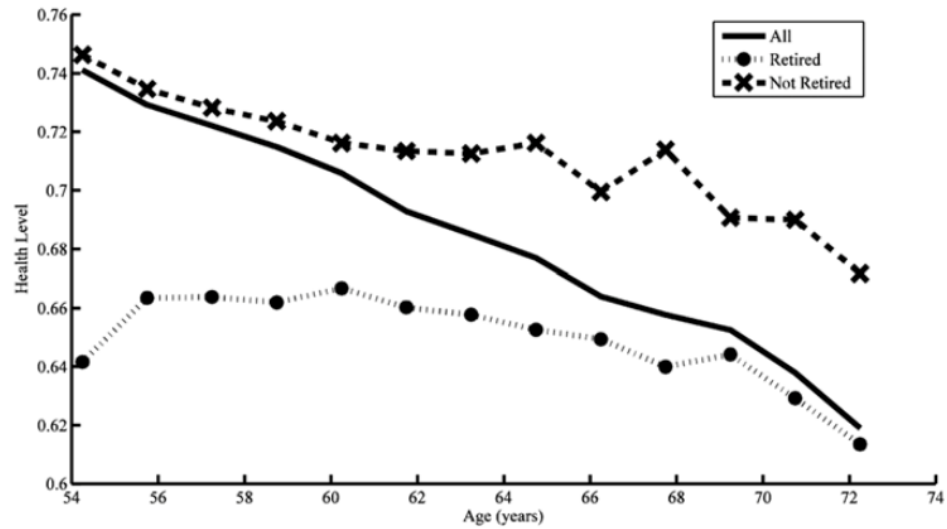
- What changes in retirement?
 - Activity
 - Physical
 - Social
 - Mental
 - Income
 - Health insurance

Combined effect of all these things will be different across different people.

Probability of Being Retired (left axis) and of Mortality (right axis), by Age



Reported Health Levels and Changes by Age and Retirement Status



Early U.S. Evidence with HRS

- Health and Retirement Study (HRS): Broad nationally representative survey of people over 50
- Statistical methods using Social Security rules, pension rules, early retirement incentive programs, expectations, etc.
- Findings: largely positive effects of retirement on subjective wellbeing; no clear pattern of effects on objective health outcomes

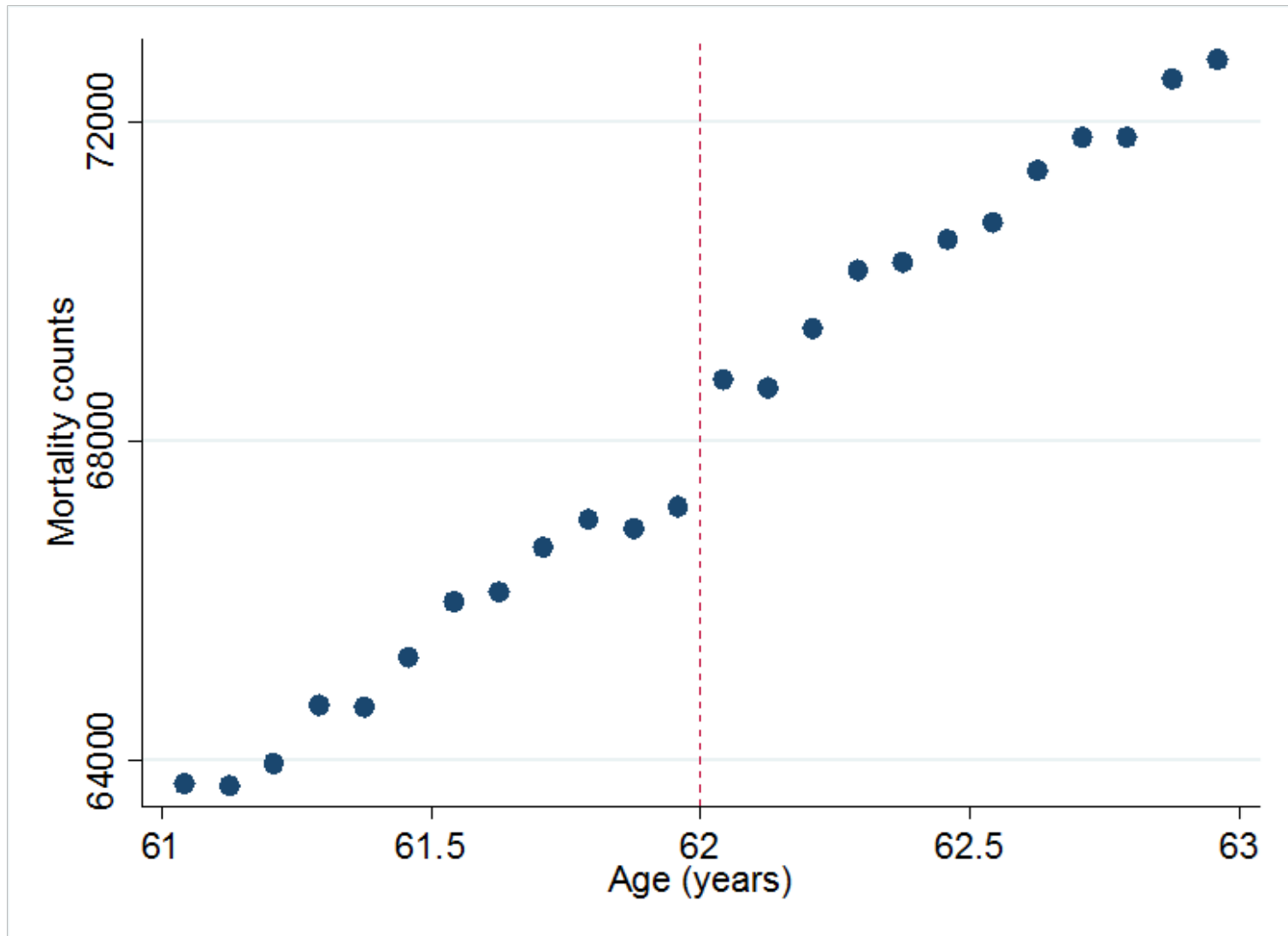
(Similar set of studies with similar survey data in European settings also have mixed findings.)

Evidence from US Using Administrative Data

- Why administrative data?
 - Objective health outcomes
 - More statistical power

- Fitzpatrick & Moore (2018)
 - Multiple Cause of Death data
 - How does mortality change as people become eligible for Social Security? ~1/3 of people collect benefits at age 62

Mortality in Relation to Age 62



Fitzpatrick & Moore (2018) Findings

- Mortality increases at age 62 by ~1.5 percent
- Increase for males is ~2 percent
 - Robust to modeling choices, including bandwidth
 - Effects are the largest for single, low educated, white, those with lung related deaths and car accidents
- Increase for females is ~1 percent
 - Estimates are not robust across modeling choices
- Suggestive evidence it may be other lifestyle changes rather than Social Security claiming per se.

Conclusion

- There may be benefits of retirement on mental health and subjective wellbeing, but that there may also be costs in terms of decreased physical health and increased mortality.
- More research needed to fully understand how these shifts play out among different groups in different circumstances.