

Do longer working careers contribute to our well-being?

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Outline

Relevance and literature

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Relevance and literature

Longer working careers **for seniors**:

- Financial improvement
- Impact on overall well-being ?

Our measurement of overall well-being:

- Life satisfaction score

Relevance and literature

Impact of retirement on overall well-being: **mixed results**

- Positive effect (Reitzes et al., 1996; Kim and Moen, 2002)
- Negative effect (Ekerdt et al., 1985)
- No significant effect (Crowley, 1986; Mein et al., 2003)

Possible explanation for mixed results:

- Adjustment to retirement differs between individuals and in time (Pinquart & Schindler, 2007; Wang, 2007, 2012)
Majority experience no significant change in well-being level
- Take endogeneity into account (Latif, 2010)

Relevance and literature

Our contribution: include notion of freedom of choice in decision to retire or to work (longer)

- Significant loss of well-being of being involuntary retired (Bender, 2012)
- Developed new proxy: **involuntary employed** = rather retire than to work

Relevance and literature

Our **research questions**:

1. Are involuntary workers less satisfied than voluntary workers?
2. Are senior workers less, equally or more satisfied than their retired peers?
3. Are (in)voluntary workers less, equally or more satisfied than their retired peers?

Data and method

SHARE

- Wave 2 (2006-7), wave 4 (2010-11) and wave 5 (2012-13)
- Austria, Belgium, Denmark, France, Germany, Netherlands, Spain, Sweden and Switzerland,
- Self-reported retirees or employees
- Age between 50 and 70

52,880 observations or 32,169 respondents

Data and method

Dependent variable: **life satisfaction**

“On a scale from 0 to 10, where 0 means completely dissatisfied and 10 completely satisfied, how satisfied are you with your life?”

Employment status:

1. employed or retired
2. with notion of freedom of choice: voluntary employed, involuntary employed or retired

(in)voluntary employed: *“Thinking about your present job, would you like to retire as early as you can from this job?”* (yes/no)

Data and method

Attention for **endogeneity** and **self-selection**:

- ⇒ Fixed effect estimation: control for individual fixed characteristics
- ⇒ Inclusion of context variables
 - Working conditions: statements work characteristics
 - Health: self-perceived health, functional limitation index
 - Income: income percentile, ability to make ends meet
 - Partner: health partner
- ⇒ 2,289 respondents made the transition from work to retirement

First results

Our **research questions**:

1. Are involuntary workers less satisfied than voluntary workers?
2. Are senior workers less, equally or more satisfied than their retired peers?
3. Are (in)voluntary workers less, equally or more satisfied than their retired peers?

Life satisfaction <u>senior workers</u>	Model 1		Model 2	
Voluntary employees (ref)				
Involuntary employed	-0.1218 ***	[0.030]	-0.0904 ***	[0.029]
Age	-0.1622 **	[0.075]	-0.1851 **	[0.076]
Age ²	0.0014 **	[0.0006]	0.0016 **	[0.0006]
Working conditions				
Jobscore [9, 36]			0.0383 ***	[0.008]
Health				
Self Perceived health: excellent (ref)				
very good			-0.0609 *	[0.037]
good			-0.1668 ***	[0.040]
fair			-0.4735 ***	[0.062]
poor			-0.6608 ***	[0.136]
Number of daily limitations [0, 23]			-0.0102 (ns)	[0.012]
Income				
Ability to make ends meet: easily (ref)				
fairly easily			-0.5057 ***	[0.098]
with some difficulty			-0.2427 ***	[0.049]
with great difficulty			-0.0825 ***	[0.028]
Household income percentile			0.0031 (ns)	[0.006]
Partner				
Self Perceived health: excellent (ref)				
very good			-0.0053 (ns)	[0.044]
good			-0.0759 (ns)	[0.049]
poor			-0.2866 **	[0.113]
no partner			-0.4748 ***	[0.104]
Fixed effect (average)	12.686 ***	[2.165]	13.033 ***	[2.189]

observations: 18,959 - # respondents: 11,539 - [standard error] - * =10%, ** =5%, ***=1% significance level

Life satisfaction	Model 1		Model 2	
Employment status: employed (ref)				
Retired	-0.0031 (ns)	[0,029]	0.0067 (ns)	[0.029]
Age	0.0704 ***	[0,029]	0.0165 (ns)	[0.028]
Age ²	-0.0006 ***	[0,0002]	-0.0001 (ns)	[0.0002]
Health				
Self Perceived health: excellent (ref)				
very good			-0.1152 ***	[0.025]
good			-0.2527 ***	[0.027]
fair			-0.4098 ***	[0.037]
poor			-0.8043 ***	[0.075]
Number of daily limitations			-0.0536 ***	[0.007]
Income				
Ability to make ends meet: easily (ref)				
fairly easily			-0.0681 ***	[0.018]
with some difficulty			-0,2861 ***	[0.032]
with great difficulty			-0.4942 ***	[0.063]
Household income percentile			0.0051 (ns)	[0.004]
Partner				
Self Perceived health: excellent (ref)				
very good			-0.0379 (ns)	[0.032]
good			-0,1226 ***	[0.036]
fair			-0.1353 ***	[0.045]
poor			-0.3968 ***	[0,076]
no partner			-0.5056 ***	[0,080]
widow			-0.4754 ***	[0,117]
Fixed effect (average)	5.9361***	[0,907]	7.4522 ***	[0.896]

observations: 52,880 - # respondents: 32,169 – [standard error] - * =10%, ** =5%, ***=1% significance level

Life satisfaction	Model 1		Model 2	
Employment status: retired (ref)				
voluntary employed	0.0558 *	[0,032]	0.0360 (ns)	[0.031]
involuntary employed	-0.0657 *	[0.034]	-0.0646 *	[0.033]
Age	0.0678 **	[0,029]	0.0139 (ns)	[0.028]
Age ²	-0.0005 **	[0,0002]	-0.0001 (ns)	[0.0002]
Health				
Self Perceived health: excellent (ref)				
very good			-0.1149 ***	[0.025]
good			-0.2504 ***	[0.028]
fair			-0.4084 ***	[0.037]
poor			-0.7930 ***	[0.076]
Number of daily limitations: [0,23]			-0.0533 ***	[0.007]
Income				
Ability to make ends meet: easily (ref)				
fairly easily			-0.049 ***	[0.063]
with some difficulty			-0,2861 ***	[0.032]
with great difficulty			-0.4942 ***	[0.018]
Household income percentile			0.0051 (ns)	[0.004]
Partner				
Self Perceived health: excellent (ref)				
very good			-0.0379 (ns)	[0.032]
good			-0,1222 ***	[0.036]
fair			-0.1346 ***	[0.045]
poor			-0.4019 ***	[0,076]
no partner			-0.5052 ***	[0,080]
widow			-0.4706 ***	[0,116]
Fixed effect (average)	6.0079 ***	[0,907]	8.0246 ***	[0.906]

observations: 52,718 - # respondents: 32,169 – [standard error] - * =10%, ** =5%, ***=1% significance level

Conclusion

1. Involuntary employees are less satisfied than voluntary employees
2. Retirees are equally satisfied than senior employees
3. Retirees have a slightly higher life satisfaction than involuntary employees.

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to our well-being?**

⇒ Important to include notion of freedom of choice in decision to retire or to work (longer)

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