
Reducing early retirement in Europe. Do working conditions matter?

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Outline

- The high prevalence of early retirement is a defining feature of labour markets in Europe. Although there is evidence that this has been receding, in most EU member countries, the average retirement age is still below the official age of retirement (OECD, 2011).
- Structure:
 - Review of literature: working conditions, health and early retirement;
 - Research hypothesis;
 - Data and methods;
 - Findings;
 - Discussion results.

Review of literature

- Early retirement and working conditions:
 - Matter? Individuals subjected to poor working conditions will be more likely to plan to retire early (Solem and Mykletun, 1997; Hurd & McGarry, 1993; Siegrist *et al*, 2006; Siegrist & Wahrendorf, 2010).
 - Do not matter? Some authors suggest there is no effect of working conditions on early retirement plans (Solem and Mykletun, 1997; Hurd and McGarry, 1993; Oakman and Wells, 2012; De Preter, Van Looy and Mortelmans, 2013).
- Early retirement , working conditions and health:
 - Health problems increase probability of early retirement (Deschryvere, 2004; McGarry, 2002).
 - Health problems interact with poor working conditions in increasing the probabilities of retiring early (Blekesaune and Solem, 2005).
 - Poor working conditions can produce health problems (Debrand & Lengagne, 2008; Siegrist & Wahrendorf, 2010).

Dependent variable

- Current studies using SHARE commonly use a variable that does not take into account the effect of pension rules. This is especially surprising since SHARE may offer a more accurate alternative.

		Plans to collect basic pension before official retirement age (%)	
		No	Yes
Desire to retire as soon as possible (%)	No	81.72	18.28
	Yes	64.96	35.04

Weighted sample.

Source: SHARE wave 4 release 1.1.1.

- Only 35.04% of the respondents expressing the desire to retire as early as possible, effectively plan to collect their pension before reach retirement age.
- Two variables capturing different aspects of respondents retirement plans.

Research hypothesis

- The purpose of this paper is to test the importance of working conditions in retirement planning using a more accurate way of capturing individuals' early retirement plans.
- More specifically we aim to test the two following hypotheses:
 - Individuals who are subjected to an imbalance between job effort and rewards are more likely to want to retire early.
 - The effect of working conditions is aggravated by the existence of health problems.

Data and methods

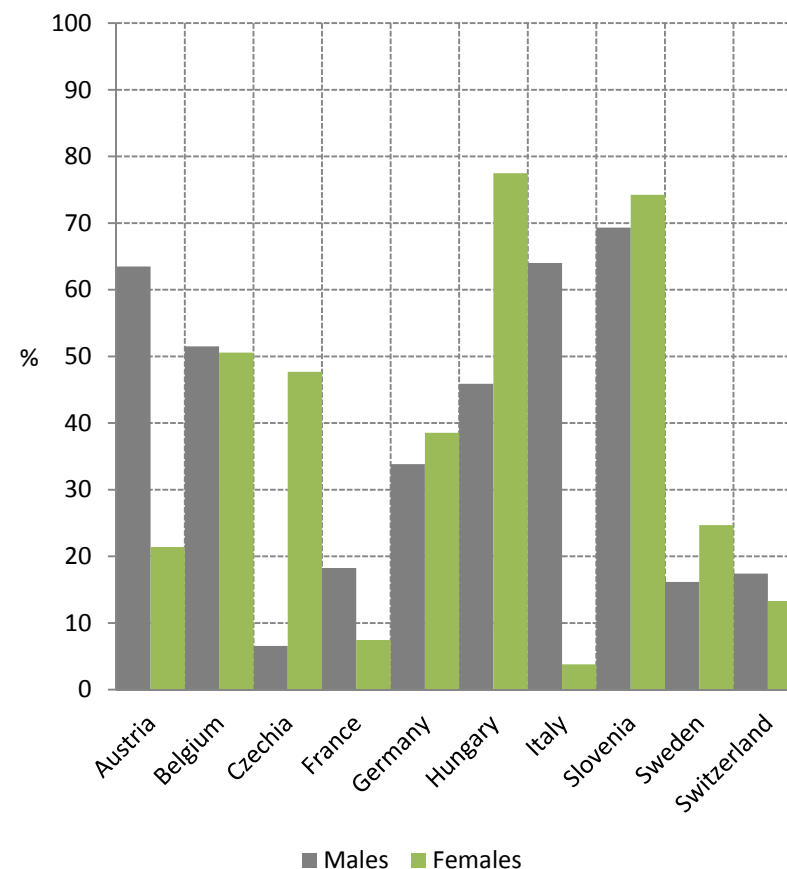
- **Data:** SHARE wave 4 release 1.1.1.
- **Method:** Logistic regressions.
- **Dependent variable:** plans to collect basic pension before official retirement age (ep106_1).
- **Independent variables:** sex, age, years of education, income, retired partner, occupational pension, 2 or more symptoms, cardiovascular, musculoskeletal, lung and other diseases, poor mental health, effort-reward imbalance = $\frac{e}{(r*c)}$ (Siegrist, 1996).

Data and methods

- **Sample:** 8043 employed respondents residents in Austria, Germany, Sweden, Italy, France, Switzerland, Belgium, Czech Republic, Hungary and Slovenia, aged between 50 and 65 and who are entitled to receive a basic old age pension conciliated or not with an occupational pension.
- **Limitations:** small sample size due to the exclusion of self-employed respondents'; observations where the expected age for collecting pension benefits or official retirement age is below the respondent's age; observations where the indicated age to collect basic pension benefits is above 70 and below 50; observations where respondents did not mention they were expecting to claim a basic pension. Finally, countries where less than 50 individuals expressed a desire to draw their pension benefits before the official retirement age were excluded (Denmark, Estonia, Netherlands, Poland, Portugal, Spain).

Dependent variable

- At what age do you expect to start collecting a public old age pension for the first time?
- A Belgium female expecting collect her pension at the age of 63 years-old is planning early retirement, since the official retirement age in Belgium for females is 65 years-old.
- Respondents who plan to withdraw basic pension benefits before the ORA (%)



Weighted sample.

Source: SHARE wave 4 release 1.1.1.

Findings

	M9		M9
		Country	
Sex (female)	0.894	Austria	6.431***
Age	0.937***	Germany	7.522***
Years of education	0.953***	Sweden	4.730***
Income Second quintile	1.037	Italy	4.069***
Middle quintile	1.203	France	1.326*
Fourth quintile	1.025	Switzerland	1.988***
Highest quintile	1.057	Belgium	12.796***
Retired partner	1.185**	Czechia	3.281***
Occupational pension	0.750***	Hungary	13.551***
Health 2 or more symptoms	1.088	Slovenia	29.946***
Cardiovascular disease	1.241***		
Musculoskeletal disease	1.246**		
Lung disease	0.867		
Other diseases	1.135	Constant	5.717***
Poor mental health/depression	1.053	Nagelkerke R Square	0.284
Effort-Reward Imbalance (ERI)	1.088	N	5024

- To live with a retired partner increase the odds of early retirement.
- Those who have an occupational pension are less likely to plan early retirement.
- Health problems increase the odds of early retirement.
- The risk of plan early retirement is not evenly distributed in this European countries.

Unweighted sample.

Significance level: * <0.10 ; ** <0.05 ; *** <0.01 .

Source: SHARE wave 4 release 1.1.1.



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Findings

	M10			M10	
Income	Sex (female)	0.908	Country	Austria	6.478***
	Age	0.94***		Germany	7.553***
	Years of education	0.952***		Sweden	4.593***
	Second quintile	1.025		Italy	4.024***
	Middle quintile	1.191		France	1.386*
	Fourth quintile	1.014		Switzerland	1.961***
	Highest quintile	1.034		Belgium	13.523***
	Retired partner	1.198*		Czechia	3.337***
Health + ERI	Occupational pension	0.749***		Hungary	14.272***
	2 or more symptoms + ERI	1.075		Slovenia	27.581***
	Cardio + ERI	1.167			
	Muscle + ERI	1.462***			
	Lung + ERI	1.460		Constant	5.397**
	Other + ERI	0.947		Nagelkerke R Square	0.281
	Mental + ERI	0.849		N	5024

- Broadly, to be subjected to ERI dilutes the effect of health problems in the odds for early retirement.
- Major exception: musculoskeletal diseases.

Unweighted sample.

Significance level: * <0.10 ; ** <0.05 ; *** <0.01 .

Source: SHARE wave 4 release 1.1.1.



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Conclusions

1. Answering to our research hypotheses, to be subjected to an ERI does not increase the odds of early retirement. Furthermore, ERI seems to have a palliative effect on workers with health problems.
2. When applying this methodology to variable ep036_, the results are quite similar. Nevertheless, variable ep106_1 seems to best capture the cross-national differences.
3. As expected, to have a retired partner increases the odds of early retirement.
4. To be entitled to an occupational pension have a positive effect in delaying labour market exit.

Further research: To perform two-step hierarchical model to control for the impact of institutional/contextual variables in early retirement plans, which can additionally increase the model explanation. To test our hypothesis with previous waves of SHARE and controlling for occupational position to understand if results may be due to a period-effect and/or to causality effects.

Thank you for your attention.

Additional comments are very welcome to:

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