

Discussion of:  
Policy uncertainty in social security: Do  
subjective expectations relate to savings?

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# Summary

- What is the relationship between subjective expectations regarding a policy change (e.g. probability of 10% lower benefits within ten years, probability of two years later benefits within ten years, dummy for consistently expecting contributions by the elderly) and private savings (e.g. participation in voluntary second and/or third pillar pensions, Accumulated savings).
- Innovative data set.
- Important question about how expectations on policy changes influence individuals behavior.

# Summary

- Modern literature on Policy Evaluation assumes that policy changes are unexpected and that people change their behavior after the policy.
- This paper indicates that in some cases this assumption is not valid.
- Two parts:
  - Theoretical model
  - Empirical model

# Empirical model-Data

- Variable about accumulated savings included: Designated third pillar pensions, savings account balances, stocks, bonds and housing wealth minus mortgage loans.
- By construction in the data set this variable can have positive values (2693 obs), zero value (19 obs) or negative values (138 obs).
- More discussion about this variable is needed.

## In particular:

- How sensitive the results are to inclusion of housing?
- What does zero and negative mean? Who are these individuals?

# Empirical model-Data-Expectations

- Clustering of answers around 50% in the probability of 10% lower benefits within ten years and in the probability of two years later benefits within ten years. Clustering of answers around zero in the probability of lower benefits.
- What does 0% and 50% mean? Non response?
- The effect of these variables was linear in the analysis. Maybe good to allow for non linearities with dummies for these two groups.

# Empirical model-Results

- Individuals actually adapt their behavior concerning their participation in pension schemes according to their expectations of changes in old age social security.
- However, results in wealth are weaker.
- Thus, it would be good to investigate why...  
Different components of wealth...
- Summarizing, this is a very nice paper with very interesting results!