

The displacement effect of compulsory pension savings on private savings: An identification strategy using institutional differences across occupations in the Netherlands

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Discussion by
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1. Summary of paper

Object:

- Analysis of the crowding-out effect of mandatory occupational pension savings on private savings (displacement effect).
- Differentiate btw employees and self-employed.
- Use of administrative data from NL (IPO Wealth, 2007-2010; other data from CBS); exploit the effect of the financial crisis on various pension funds.
- Apply different identification strategies (OLS, IV, PSM, Diff-In-Diff).

Main findings:

- Evidence of substantial substitutability btw compulsory pension savings and private wealth (37% for employees; 68% for self-employed).
- Individuals whose PF did not need to apply a recovery plan accumulated less wealth (about 4,000 euros) than those whose PF did.

2. Comments - General

- Very well written paper, data and analysis well explained.
- Great data set. Proper acknowledge of data limitation (typical of administrative data).
- Empirical analysis accurately performed (omitted vars, measurement errors).

2. Comments - Descriptive summary stats

1 Household Wealth / Income

- Total hh assets, or net wealth?
- Mean values - caveats! I would not report them, display medians only.
 - Median is not skewed so much as the mean by extremely large or small values, and so it gives a better idea of a “typical” value. Median income may be a better way to suggest what a “typical” income is.
 - Table 8a - HH wealth - WEN vs WEP means: 172,000 vs 153,000; medians: 114,000 vs 113,000.

2 Employees vs SE - ok

- Are employees to be considered an homogeneous class? or even SE?

2. Comments - Your results

- How to rate your estimation strategies?
- Comparison with existing literature (NL, in particular)?
- Dutch pension system in appendix, but... policy implications?