Discussion: Cognitive functioning and retirement in Europe

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Summary paper

• Investigating impact of retirement on cognitive functioning (word recall)

• Share dataset: longitudinal

• Convincing methodology: FE-model estimations with IV (country differences in eligibility ages for retirement)

• Main finding: Retirement has a positive effect on word recall

• Effect bigger for
  • College educated
  • Highly skilled workers
  • Individuals who spend more time on reading books
Difficulties interpretation main results

- Mazzonna and Peracchi (2012) increased life satisfaction after retirement may increase investment in cognitive abilities. On the other hand, cognitive capital of less use after retirement

- Crucial to establish the cognitive skill types which may be affected by life satisfaction / are relevant for jobs: Retirement may also lead to a different investment pattern, but not to less / more investment.....

- Cognitive functioning only proxied by word recall. Effects bigger when people read books !!!!

- Thus be careful about the claims you make! Alternatively, add more cognitive skills as dependent variables to analyze whether a tradeoff is taking place (numeracy, fluency etc)
Retirement system changes

• During estimation period: Retirement systems changed substantially. Although changes are exogenous to the individual, it remains the question whether these changes did affect investments in cognitive functioning?

• De Grip, Lindeboom and Montizaan (2012)
• Montizaan and Vendrik (2014)

• Substantial demotivating effects on working individuals who have to retire later. Could also explain your results. Postponement of retirement decreases life satisfaction of workers > retired people become relatively more happy > cognitive functioning
Mechanism behind the change in word recall skills...

- Mazzonna and Peracchi (2012) increased life satisfaction after retirement may increase investment in cognitive abilities. Can be easily tested...

- Perhaps people are more concentrated on the survey (measured by the time spend on the total survey) after retirement, or feel less stressed....

- Besides life style and standard health questions (chronic disease, self-perceived health), also include mental health indicators
Potential bias

• 1800 transitions into retirement

• But 325 individuals are excluded because they weren’t consistent in recalling their retirement date

• By excluding these individuals, you exclude individuals with recalling problems in general >could also explain why you don’t find the regular negative effect!

• What are their word recall scores and do results differ when you include them?
Small comments

• Heterogeneity analyses: Interact the whole model with the variable of interest

• Also include the retirement status of the partner / health status of partner

• Retirement duration dividing into categories

• Discussion of the size of the effect. Is it economically significant (is 0.3 extra words much, and what does it imply for economically relevant outcome variables)?