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Discussion of:

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

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## My Summary

- › The authors study how compulsory pensions displace the savings of households.
- › Using high quality administrative data, they compare workers with and without occupational pension.
- › The analysis is conducted separately for wage-employed and self-employed.
- › The results so far are very preliminary.



## Major Comments

- › The authors exploit the fact that about 10% of the wage employees do not have occupational pensions.
- › Why is that? Is not there a risk that there is an issue of self-selection guided by saving preferences? It is not entirely clear.
- › The authors say “WEN are overrepresented among temporary employees”? Does this imply that most WEN are temporary employees? If so, can it be a problem?



## Major Comments

- › The authors say that it is important to observe rather than estimate pension wealth.
- › How is pension wealth computed in the IPO? Is it “expected total occupational pension wealth” (Table 2) or is it “accumulated occupational pension wealth” (Section 4.2, 1<sup>st</sup> paragraph)?
- › For me the optimal measure is the subjective expectation about future pension wealth, since individuals are not equally informed.



## Major Comments

- › It is important look at the conditionality on income of the displacement effect.
- › Poor households might be liquidity constrained, which prevents them from saving more if pension wealth decreases.
- › Some households can compensate a decrease in pensions and some cannot, and a pension system transfers resources from the former to the latter.
- › If inequality is high, private savings will not be a good substitute for the pension system.



## Major Comments

- › How is your matching estimator different from a simple regression?
- › Matching relies on observables, and so does regression. Therefore, what does the matching estimator add?
- › Is there common support? According to Table 2, the SEN and the SEP groups are very different across many variables.
- › Can you say anything about the quality of the matches that you make?



## Additional Comments

- > You can use DHS data to test your assumptions about the differences in preferences between wage- and self-employed.
- > Is there an age gradient in the displacement effect?
- > Any data on temporality, education level and number of children outside of the household?
- > A little bit more of motivation.
- > Why not use fixed effects?