

# The effect on mental health of retiring during the economic crisis

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## Focus

- Causal impact of retirement on mental health.
- Role of economic conditions (economic crisis) in shaping this effect.

## Approach

- FE-IV Approach.
- Instruments: Early and standard ('mandatory') retirement rules
- 4 waves of the SHARE panel data (2004-2013).

## Findings

- Retirement improves mental health of men, but not of women.

## Strong points

- Topic of the paper is highly relevant as it meets growing social concerns on:
  - the increase of depression rates
  - the effect of changing retirement age.
- Focus on research period characterized by two major developments that might cause depression:
  - abolishment of early retirement schemes and postponing mandatory retirement age
  - economic crisis since 2008.

## Comments: EURO-D scale

- Does the EURO-D scale has a critical “caseness” value that indicates that someone is depressed as the CES-D8 scale does (positive on 4 of 8 items)?

## Excluding respondents

- You exclude 14% of the respondents in the “other” employment status category from the sample (i.e., those disabled and unemployed?).

As those depressed will exit the labour market by being disabled or unemployed there could be a positive selection of less depressed persons into retirement.

## Instruments used

- Bingley & Martinello (EER 2013) show that the instruments you use (country-specific early and standard retirement pension rules) are correlated with years of schooling.

If the latter is also related to depression (Roberts, Am.J.Psychatry), this invalidates the instruments.

**Bingley & Martinello**
**Table 2. Correlations between schooling and retirement eligibility.**

	<b>Eligible for early retirement</b>			
Years of schooling	-0.0175*** (0.00113)	-0.0153*** (0.00101)	-0.00293** (0.00103)	-0.00194 (0.00113)
	<b>Eligible for old-age retirement</b>			
Years of schooling	-0.0250*** (0.00118)	-0.0215*** (0.00112)	-0.00719*** (0.000942)	-0.00198* (0.000801)
Country	No	No	Yes	Yes
Gender	No	Yes	No	Yes
Age	No	Yes	Yes	No
Observations	8702	8702	8702	8702

## Hit by the crisis

- Does the Hodrick-Prescott filter sufficiently take into account that in the last 5 years of the 2004-13 period the economy is in crisis in all countries in your study?
  - This seems to be at odds with Figure 5; probably because your period of analysis includes many years of economic crisis.
  - What is the percentage of regions in crisis in these years 2008-2013?
- Why don't you focus on unemployment instead of GDP?
- How do you exactly attribute the variable to the individual? At the moment they retire or in the years they are retired? ("according to their self-reported retirement year" ,p.10)



# Is retirement a relief in economic crisis?

The positive effect of retirement on mental health is stronger for men in regions hit by the crisis and in blue-collar jobs.

This suggests that retirement is seen as a relief from the economic crisis.

## However:

- The economic crisis has also severely decreased pension benefits of those retired in many countries. So leaving the labour force is not a relief from a financial perspective.
- Low skilled might also feel relieved from heavy work.

# Disentangle effects of economic crisis and postponing retirement

- Can you disentangle the effects of the economic crisis and the effect of postponing the age of (early) retirement?
  - both are concentrated in the last two waves of your data (2011/12 and 2013)
  - the economic crisis has forced countries to postpone retirement eligibility.

*Could it be that blue collar workers get more stressed at work because - due to the economic crisis - they have to retire at a later age from their heavy job?*

# Why more depression for when retiring in economic crisis?

- Can you explain the positive effect of retiring during the crisis on depression for female (white collar) workers?

Particularly white collar jobs at the intermediate vocational level in which many women are employed have been hit by the economic crisis (quite similar as blue collar men).

*Could it be that there is no positive effect of retirement on mental health for women because they retire at an earlier age at which their work is perceived to be less demanding?*